



Pafupi Savings: Expanding Financial Inclusion to Rural Women

Women's World Banking and NBS Bank in Malawi

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Acronyms

ANM	Area Network Managers	KPI	Key Performance Indicator
BLP	Bwenzi La Pafupi	MCF	Mastercard Foundation
CSR	Corporate Social Responsibility	MWK	Malawian Kwacha
FCDA	Foreign Currency Deposit Accounts	POS	Point of Service
ICT	Information and Communications Technology	RBM	Reserve Bank of Malawi
KYC	Know Your Customers	UNCDF	United Nations Capital Development Fund

Executive Summary

From 2012-2016, UNCDF's MicroLead programme supported NBS Bank, working with Women's World Banking, to introduce a tailored savings account to expand access for low-income and unbanked people in rural areas, especially women. Pafupi Savings, meaning "close" savings, relies on agency banking, mobile technology and community-based marketing to reach rural women where they are.

Introduction

In 2012, NBS Bank found itself at a critical junction as a new management team came on board and faced a range of challenges, from deteriorating loan quality to outdated IT systems to currency devaluation. That same year, the bank piloted agency banking, the first of its kind in Malawi, and received support from MicroLead to develop Pafupi Savings, roll it out nationally, and reach unbanked women in rural areas. While the market potential was undeniable, was this the right time for the bank to bet on the unbanked?



Rural village in Malawi

Rural low-income women—known as the “unbankable” in many banking circles—were not actively targeted by any commercial bank in Malawi. To reach them would require investment in technology for NBS Bank to “bring the bank to the people” and management commitment to drive change throughout the bank. Understanding rural women’s strong appetite for formal savings accounts and the barriers that prevented them from saving at banks, NBS Bank’s leadership committed to developing a tailored product to serve this market.

NBS Bank CEO Bernadette Mandoloma recalls, the women in the rural areas have long thought that banking is only for rich people, but we wanted to prove to them that banking is for everyone

Introducing this product, however, would require deep changes across the bank. It would also necessitate an investment of over USD 270,000 (independent of grant funding) to help staff understand the potential of this market, and to adapt and develop processes and systems to tap it. NBS Bank’s leadership knew they were well positioned to serve rural women, and this was a long-term bet worth making. But at a time when the bank faced so many challenges, could they bring this solution to market?

Background

The majority of Malawians live in rural areas and rely on farming activities for at least part of their income. The economy relies largely on donor support and the world market price of its main export crop, tobacco. Malawi is among the 20 poorest countries in the world.

- Adult population – 7.6m
- Rural population – 86%

- Youth (under 30) – 41%
- Primary education or less – 78%

- Main source of income farming – 41%
- Households with farming income – 91%

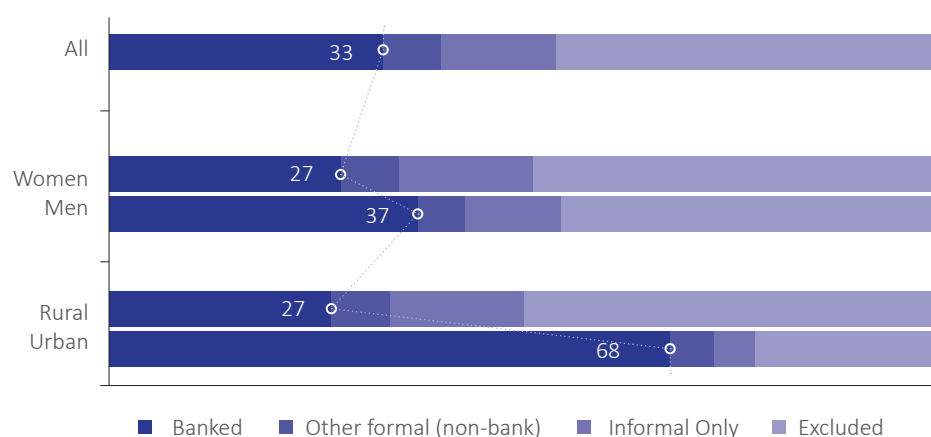
Source: Malawi Finscope Report, 2014

MALAWI KEY STATISTICS

Few Malawians have access to a bank account. Nearly six million out of a total population of 7.6 million in Malawi are unbanked according to the 2014 Malawi Finscope Report. Access in rural areas is limited, with 27 percent of the population having bank accounts against 68 percent in urban areas. Malawian women are also significantly less likely to have access than men; 27 percent of women versus 37 percent of men have bank accounts.¹

Women's World Banking's client research revealed that in Malawi, women are the household financial managers and savers, and prioritize how earned money is allocated. Not only do they manage jointly generated income, but when they earn money independently from their husbands, they manage this money autonomously. Malawian women often identify themselves as providers and have an expected role in saving for the family's future. This contrasts with other markets where Women's World Banking finds that women's work—both domestic and income-generating—is undervalued, if not completely disregarded.

Figure i:
Malawi financial inclusion data



Source: Malawi Finscope Report, 2014

¹ Malawi Finscope Report, 2014

In Malawi, low-income women save informally using a number of tools, including village banking, savings groups and saving at home. Banks are less commonly used due to several barriers facing women, including physical and emotional distance from bank branches, cost and lack of identification. Despite this, having a bank account is seen as a strategy for success and is aspirational for women.

Among commercial banks in Malawi, product offerings for low-income savings show little differentiation, and tailored products for women or rural areas do not exist in the market. NBS Bank is unique among banks in the market because of its vision, commitment and growth objectives. NBS Bank was the first bank in Malawi to introduce agency banking and holds Malawi's largest branch and ATM network. Reaching un- and underbanked market segments is linked to NBS Bank's growth strategy of expanding its client base and mobilizing low-cost deposits in retail savings accounts (accounts with lower interest rates than private banking or corporate accounts). Overall, NBS Bank was well-positioned to introduce a pioneer savings account for low-income women. But would the business team be able to make the case for the deployment of technology required to serve this market?

“

We've seen some of our friends, [also farmers], they had a grass thatched house, they removed the grass, they put metal sheets, they constructed a very big house, they have cattle, they have workers, their children also go to schools. After we have searched for their secret it seemed that half of the money they earned they use for their household and the other half they put in the bank. After, that money helps them to achieve their plans. - Women cooperative farmers in Malawi

”

Project Partners

NBS Bank

NBS Bank is a leading retail bank, ranked fourth among commercial banks in Malawi (out of 12) with over 454,000 clients – 31 percent women and 49 percent rural. NBS Bank takes pride in being the “caring bank” and having a pro-rural approach, and it aims to help people achieve their goals. The bank’s mission is to add value to all their stakeholders by offering an innovative range of banking products through efficient business processes and empowered and caring staff.

Founded in 1964 as a building society, NBS Bank became a bank in 2004. The institution offers a full suite of products and services including savings accounts, credit products, foreign currency deposit accounts (FCDA), trade finance products, Visa cards, ATM cards, foreign exchange facilities and value-added services including bill payment, internet and SMS banking.

Women’s World Banking

Women’s World Banking partners with financial institutions like NBS Bank that are positioned to develop innovations to reach women, previously thought to be “unbankable,” on an unprecedented scale. Women’s World Banking’s approach to product design always starts with in-depth research—understanding the lives of women so that product development teams can design products that meet the needs of women while being sustainable for the financial institution.

Working with a partner like NBS Bank, Women’s World Banking ensures that institutional leadership and infrastructure are able to support both new product introductions and a potentially new market segment. Once a product is launched, Women’s World Banking can take what it has learned and introduce the product to other institutions in other parts of the world. With this global reach, Women’s World Banking is able to greatly increase the number of women who can build a stronger financial future for themselves and their families.



NBS Branch Network

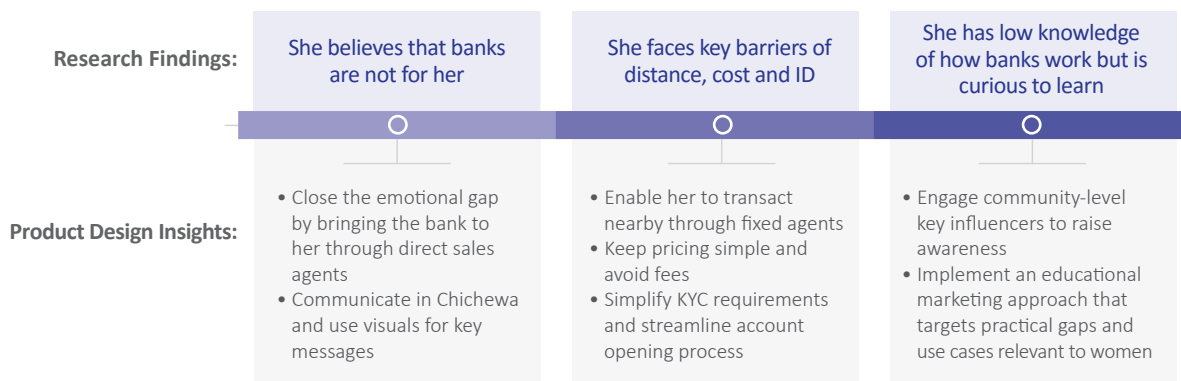
The Project

With support from the MicroLead programme, NBS Bank worked with Women's World Banking to better understand rural Malawian women and design a savings account to meet their needs.

Key questions for the project team included, how are unbanked rural women currently saving? What motivated them to save in different ways, for example, in the informal savings groups that were becoming more common in Malawi? What would they expect from a bank like NBS Bank? What kind of rural women should NBS Bank be thinking about serving?

The team identified different profiles of potential NBS Bank clients, such as low-income entrepreneurs, rural subsistence farmers and cooperative farmers, for in-depth focus groups and interviews. Consumer insights on the barriers to reaching these segments had strong implications for product design.

Who is our target market? Understanding women's financial needs



With these insights, NBS Bank and Women's World Banking developed the Pafupi Savings account. Pafupi, meaning "close" in Chichewa, a local language in Malawi, is a mobile savings account designed for low-income people in rural areas, especially women with no previous access to a bank account. Pafupi Savings removes the barriers rural women face in accessing formal financial services in the following ways:



Bwenzi La Pafupi facilitating account opening

- 1. Bringing the bank to the community:** Pafupi Savings accounts are opened in under ten minutes by a mobile sales agent (Bwenzi La Pafupi or Pafupi Friend). The agent visits the women in their rural communities and uses mobile technology to set up the accounts quickly and easily. Clients who do not have formal identification can open accounts by providing a voter card or a letter from traditional chiefs, district commissioners or religious leaders. Reaching out in this way communicates to a woman that this savings account is for her.
- 2. Offering convenience and security:** Transportation costs often make savings at a bank prohibitively expensive. Pafupi Savings accounts enable women to bank in their neighborhoods, cutting the cost of transport. Pafupi offers transaction services through fixed bank agents, who are local shopkeepers equipped with a mobile phone or POS device. The women already know and trust these shopkeepers and can now make deposits and withdrawals there rather than storing cash at home where it can 'slip through their fingers.'
- 3. Helping women save—regardless of their income:** Women can make small deposits and withdrawals whenever they want at local shops serving as NBS Bank agents. They also receive an ATM card that can be used at any NBS Bank ATM and for POS transactions at agent locations. Pafupi Savings accounts have no monthly fees, and balances grow with interest. Deposits are free. However, there is a charge for withdrawals at Bank Pafupi Agents, Service Centers and ATMs.

Bwenzi La Pafupi are contracted staff hired by NBS Bank to promote and open Pafupi Savings Accounts. They are contracted for one year and managed at the branch level, earning a base salary plus commission based on accounts opened with at least one transaction per month. Signaling a commitment to serving women, accounts opened for women earn a 40 percent higher commission than men's accounts to compensate agents for the extra effort required to reach women clients.

DIRECT SALES AGENTS: BWENZI LA PAFUPI

4. Educating new savers: Tailored marketing materials with financial education messages are offered in the local language of Chichewa and utilize informational images for clients with limited literacy. Marketing flyers and posters emphasize the key product benefits (convenience, no amount too small and affordability) in Chichewa. Clients receive starter packs at account opening, including an ATM card and PIN code. The packs show clients how to transact, how to use an ATM and how to handle their ATM PIN code. Pafupi Savings is also promoted through educational events, community radio and local leaders who women know and trust. Market activation programmes focus on community-based marketing, including financial education sessions for women called Ladies Clubs, formed from pre-existing databases of women's clubs. Groups of these women are brought together to learn how to bank and to discuss goal setting and financial planning. Following these sessions, banking agents are available to open accounts.

5. Empowering women: For many women, having a savings account is their first point of access to the formal economy. With a savings account in her own name, she can plan for her future and the future of her family, protect herself in times of crisis, and even build her business with access to loans and other offerings from the bank.

As an institution, NBS Bank gained new client insights, developed new product delivery channels and tapped into a new market as a result of the introduction of Pafupi Savings. However, the process was not without the expected challenges of introducing a new product. Key operation and management changes were required, including integrating mobile with existing banking channels, conducting training at all levels, setting new targets for sales teams, and collaborating across all bank departments. Specific project challenges as well as lessons learned along the way are detailed later in the case study.



Pafupi Savings Poster

Introducing Pafupi Savings: Innovative Solutions

To introduce a product like Pafupi Savings required key operational changes and significant change management at NBS Bank. Women's World Banking's onsite Resident Advisor played a key role in developing a productive relationship between NBS Bank's information and communication technology (ICT) and business units to meet shared objectives. ICT understood the process changes required when they were fully integrated as part of the core product team.

NBS Bank succeeded in shifting business processes to creating innovative solutions such as instant in-field account opening. Several internal initiatives were key to introducing the new product:

- **Focus on Women:** NBS Bank found that despite the focus on women in its targets, marketing and sales, performance against gender targets remains low. In introducing a women-focused product offer, it is important to understand that it takes longer to convince women; women tend to be more risk averse and want to know more about products, how they work and how they will help them manage their finances or meet their goals. Recognizing this, NBS Bank has introduced several strategies to expand its outreach to women including introduction of a women-focused sales incentive and tracking performance against gender targets for branches and sales agents. It is also developing partnerships with organizations that serve a majority of women, such as CUMO, a microfinance institution.
- **Cross Team Coordination:** NBS Bank established a high-level working group with heads of departments from across the institution. The objectives of the working group were to create traction for the project and to create space for escalation of issues preventing project progress. The Pafupi Savings instant account opening process was highly valued by clients as it takes the bank to them; this was key to the success of the product design. Instant account opening was an entirely new and innovative process for NBS Bank, made possible by close collaboration between all areas of the bank including: Business, ICT, HR, Operations, Finance, Risk and Compliance teams.

“
Q: Where were you when you learned about
Pafupi Savings? Who told you?

I was at home, I was sitting on my veranda, a young man came
and he was explaining to me about Bank Pafupi.
- Pafupi Savings Clients

”

- **Staff Training:** Training is a critical component to a new product introduction and is a key element of internal change management. Women's World Banking designed a training toolkit for NBS Bank and conducted “train the trainers” sessions with the agency banking, training and products teams to allow them to cascade training throughout the institution. Staff at all levels were trained—head office, agents, branches and the field-based sales team—in various areas, from acquiring and educating clients to communicating with women clients to conducting transactions to managing sales teams to achieve targets.
- **Targets:** Targets were assigned to sales agents and to branches. Sales agents were responsible for opening 50 accounts per week of which 30 needed to be women clients. New clients and deposit volumes were counted toward branch scorecards—reinforcing the idea that this product was not a corporate social responsibility (CSR) initiative but instead a part of the bank's core business.

- **Monitoring at Branch and Head Office Levels:** During the pilot phase, data revealed that sales productivity improved from under two accounts per day per Bwenzi La Pafupi (BLP) in January 2015 to over five in May 2015. This was a direct result of closer monitoring at the branch and head office levels—Pafupi Savings was included as a key performance indicator (KPI) for branch managers, the product manager conducted branch monitoring trips to address performance gaps and low-performing BLP were terminated.
- **Peer Learning:** Women's World Banking hosted a learning exchange for NBS Bank's product and executive leadership team. The group visited Kenya to learn the opportunities and challenges in developing agent networks through a series of site visits focused on agent network management, building an agent network, innovative mobile products, partnership with mobile network operators and uses of mobile payment solutions. Through this exchange, NBS Bank gained new energy to explore mobile-based solutions and a better understanding of how to organize its agency banking team and of the role for agents in opening accounts. The latter led them to advocate successfully for regulatory support to enable this. Finally, NBS Bank left with greater understanding of the roles and responsibilities associated with recruiting and managing agents in the field.

“

It's the simplest way... In the past, it was very difficult to save money in the bank. Now everyone can. - Pafupi Savings Client

With Pafupi they give interest, and also they say that a person can save from a small amount MWK 200 and I can find Pafupi anywhere. - Pafupi Savings Client

”

- **Engaging Regulators:** Malawi's enabling regulatory environment allowed for the introduction of Pafupi Savings—the Reserve Bank of Malawi (RBM) had existing regulations in place for a simplified know-your-customer (KYC) account with account balance limits of MWK 50,000 (USD 71.84). NBS Bank is actively engaging the regulator to increase the balance limit to better align with the savings capacity of the target market. NBS Bank together with Women's World Banking also engaged RBM to allow fixed agents to open accounts. This would significantly expand access to the unbanked, especially in rural areas, and was approved in March 2016.
- **Demonstrating Profitability:** Understanding that sustainability and scale of programmes focusing on women depend on the development of a robust business case, NBS Bank, with support from Women's World Banking, developed a financial model for the product and channel to demonstrate profitability. The model showed that the proposition, including grant funds, had potential to break even within three years and return a profit within four years if scaled rapidly using a dedicated sales team of BLPs. The break-even point was forecast to be reached by the 200,000-account mark based on certain key drivers such as achieving account opening targets, growing balances in accounts, increasing account activity, and

controlling investment costs. Key assumptions to achieve these results within the allotted time included: a) maintaining a full team of 90 BLPs with average productivity of five accounts per day per staff member, b) achieving 70 percent active accounts, and c) preparing the fixed agent channel to open Pafupi Savings accounts in year three to enable the dedicated sales team to be phased out. As of March 2017, NBS Bank has piloted agent account opening with good results and is preparing to roll it out to the network. The dedicated sales team of BLPs will be maintained until mid-2017 and transitioned to a team of approximately 30 branch-based field support teams for fixed agents. NBS Bank has set itself a goal of reaching 200,000 Pafupi Savings accounts to achieve the desired return on investment and ensure sustainability.

“ I am saving more with Pafupi savings unlike MSB. MSB, I get the money I withdraw and use it. With Pafupi they give interest, and also they say that person can save from a small amount MWK 200* and I can find Pafupi anywhere. - Pafupi Savings Client ”

NBS Bank and Women’s World Banking pilot tested Pafupi Savings in seven branches for eight months to test the product, operating model and marketing strategies. The product received high ratings from clients. Pafupi Savings reached its target segment of low-income earners (76 percent of whom were previously unbanked), where the value proposition clearly resonated. Clients believed that the product was designed for them as it offers instant account opening and eliminates many of the barriers that prevented them from using banks in the past including distance, cost, certain ID requirements and the perception that banks are for higher income segments.

Clients from the pilot phase reported reallocating savings from other places to Pafupi Savings, citing the benefits of Pafupi Savings compared to other savings mechanisms, including:

- **Saving at home.** Pafupi Savings preserves savings by cutting down on unnecessary spending, but many still keep some cash at home for emergencies.
- **Village banks.** Pafupi Savings clients can access money at any time and money is secure from theft.
- **Other banks.** Pafupi Savings has no monthly fees, which are typical among other bank accounts in Malawi. There are no long queues at agent locations, and money earns interest.

*MWK 200 = USD 0.29

Table i
Pafupi savings product features

Product	Features
Account Opening Requirements	Any identification: including a voter registration card OR a letter from Village Chief that includes a stamp and signature
Account Opening Fee	MWK 1,100 (USD 1.58)
Minimum Balance	MWK 500 (USD 0.72)
Channels	<ul style="list-style-type: none"> • Account Opening: Bwenzi La Pafupi • Deposits: Bank Pafupi Agent and Service Center • Withdrawals: Bank Pafupi Agent, ATM and Service Center
Fees	<ul style="list-style-type: none"> • Monthly fee: MWK 0 • Deposits: MWK 0 • Withdrawals: MWK 150 (USD 0.22) at Bank Pafupi Agents; MWK 100 (USD 0.14) at Service Centers; and MKW 125 (USD 0.18) at ATMs • No ledger fees
Interest Rate	Interest earned on balances of MWK 1,000 (USD 1.58) or more



Transaction via NBS bank agent

The Bank Pafupi agent channel is key to the product's value proposition for clients and is closely linked to the savings product in the minds of clients. At the time of the pilot assessment, over 50 percent of transactions were conducted at agent locations. Clients reported various benefits of agents, including proximity, savings on transportation costs, longer operating hours, no queues and ease of use (e.g. they are able to send their children to transact when they were too busy to visit). Expansion of the Bank Pafupi Agent network relied on the introduction of reporting tools, consistent agent monitoring and training, and has resulted in significant expansion of the agent network from 15 agents at the beginning of 2014 to 315 at the end of March 2017.

- **Expansion of the Agency Banking Team:** NBS Bank expanded its agency banking team to include Agent Network Managers (ANMs) with sales skills rather than bank experience to support agent recruitment and monitoring. New staff were developed through hands-on support and coaching by the Alternative Channels Manager. The bank redistributed Agent Network Managers across regions and assigned them to well-delineated territories, which provided an incentive to develop these territories. The recommended staff strength for the NBS agency banking team is nine full-time resources – the bank currently has four full-time staff allocated to agency banking with plans to expand.

- **Strengthening the Agent Value Proposition:** Key to attracting the best agents was offering a strong value proposition for agents including:
 - Reduction of Working Capital Amounts: NBS Bank reduced its working capital amounts to enhance the agent value proposition – few agents were meeting the investment requirement, so it was reduced from MWK 200,000 (USD 287.34) to MWK 50,000 (USD 71.84) for rural and MWK 75,000 (USD 107.75) for urban agents.
 - ROI Template: To improve the recruitment of agents, Women’s World Banking developed a template that demonstrates the return on investment for agents – an area that Agent Network Managers identified as a challenge in their pitch to agents.
 - Communication of Non-Financial Benefits: The agency banking team was trained to communicate non-financial benefits to agents including being associated with NBS Bank’s branch, and increased visibility and foot traffic.
- **Standardization of Agent Selection Process:** Women’s World Banking supported NBS Bank to develop tools to support agent selection:

“
 You can go to the bank with lots of money, but you will not feel shy when you have small money at the agent.
 – Pafupi Savings Client
 ”

- Scorecard to support agent recruitment: a scorecard was developed allowing ANMs to easily rank prospective agents based on shop location, business type, shop stock and cash value of transactions.
- Sales Tool: A short presentation was developed to assist field staff with agent recruitment and to standardize the sales pitch.
- **Effective Monitoring of Agents:** Recognizing that effective monitoring of agents is key for the delivery of good customer service, Women’s World Banking supported NBS Bank to introduce a set of agent monitoring tools including:
 - Weekly Monitoring Tools: The performance of agent network managers is now target based, and weekly monitoring tools are in place to allow for the assessment and correction of performance gaps.
 - Liquidity Management Tool: Active agents are now armed with a liquidity management tool to manage agent liquidity and ensure that clients are served at agent locations.
- **Integration of Mobile:** Mobile is the most reliable channel for the agent network and is more cost effective than POS, but legacy systems have made it challenging for NBS Bank to adopt mobile universally. Among existing NBS Bank clients, it is more common to use a debit card than to register for the bank’s mobile solution, making POS the preferred tool for agents. At the same time, POS transactions often create challenges for agents and clients due to network connectivity issues, which cause transactions to time out.

I also found that the bank closes at 3:00 but at the agent, we can still get money. - Pafupi Savings Client

NBS Bank's entry into the savings market for rural women supports the business case for greater financial inclusion. Amidst a period of financial uncertainty, the worst in the bank's history, the NBS Bank board recognized the importance of a strong savings base of women clients. They approved a new savings product for low-income women and made an investment of over USD 275,000, independent of grant funding, to roll out Pafupi Savings to its full branch network following a successful pilot.

Pafupi Savings was launched commercially in July 2015 and as of March 2017 the product was available across NBS Bank's branch network of 32 branches, with 315 active agents ready to receive client transactions. NBS Bank views Pafupi Savings and the Bank Pafupi agent network as a central part of its strategic growth objective of expanding its client base to 700,000 clients over three years. With Pafupi Savings, NBS Bank will be able to reach more clients and increase deposits by targeting unbanked clients with a focus on women and rural areas – and Bank Pafupi will support outreach to more rural communities.

Table ii
Pafupi Agent and Account Growth, 2015-2018

	April 2015 (end of pilot)	Dec 2015	Dec 2016	Dec 2017	Dec 2018 (projected)
Number of Branches	7	32	32	32	32
Number of Bank Pafupi Agents	72	202	303	334	500
Number of Bwenzi La Pafupi	29	65	58	0	0
Number of Pafupi Accounts	7,755	31,527	76,803	101,268	219,780
Number of active Pafupi Accounts*	7,755	29,549	45,882	n/a	163,728
Deposits MWK - Pafupi Accounts	MWK 38,370,000 (USD 55,127)	MWK 187,966,280 (USD 270,054)	MWK 612,815,836 (USD 80,441)	MWK 848,730,898 (USD 1,146,934)	MWK 2,888,665,079 (USD 4,150,184)
Average Account Balance/ Average Active Account Balance	MWK 4,950 (USD 7.11)	MWK 5,961 (USD 8.56)	MWK 7,979 (USD 11.46)	MWK 8,381 (USD 11.32)	MWK 13,143 (USD 18.88)
% Female Pafupi Account Depositors	36%	31%	28%	40%	60%
% Rural Pafupi Account Depositors	35%	33%	34%	35%	60%
% Previously Unbanked Pafupi Account Depositors	76%	79%	85%	75%	50%

*Active account defined as at least 1 deposit in 12 months.

Project Challenges

Aside from the operational and institutional challenges described in this case study, the most significant challenge in ensuring the success of Pafupi Savings is to increase participation of women clients.

Currently, 30 percent of Pafupi Savings clients are women against a target of 60 percent. The product features were designed specifically to meet the needs cited by women during the research phase of the project and received strong positive feedback from potential women clients. However, NBS Bank is still trying to reach a segment of women who have never before participated in the formal financial system. Acquiring these women as clients takes time and commitment, though women are seen to be loyal and active savers once they are brought on board.

Overall, women tend to take more time when adopting both new financial services and new technologies due to a variety of factors. These include lower literacy levels, informal or irregular sources of income, lack of legal identification documents or formal collateral, time constraints, as well as legal and mobility constraints in many cultural contexts. Though the features of Pafupi Savings address many of these barriers, educating potential women clients on these features is an ongoing process. The lessons below continue to help NBS Bank and offer similar institutions insights into how to serve more women clients.

Lessons Learned

The experience researching, designing and introducing Pafupi Savings and the Bank Pafupi Agent Network in Malawi offers interesting lessons for commercial banks and other financial institutions looking to develop similar offerings.

Reaching women requires targeted sales and marketing approaches and strong institutional commitment.

1. Develop and cascade targets for sales teams to promote the new product to women.
2. Institute sales incentives to reach gender-based targets.
3. Identify the right staff members to sell the product to new clients.
4. Train staff on how to communicate and establish relationships with women clients.
5. Design marketing materials specifically to reach women.
6. Seek existing women's gatherings as marketing opportunities, or partner with women-focused organizations.
7. Track key performance indicators that are disaggregated by gender.

Institutional coordination and accountability are key to successful introduction of new financial products and channels.

8. Hold management and sales teams accountable for reaching targets, including gender, and provide support as required to achieve them.
9. Ensure that key performance indicators are reviewed regularly by management to monitor success of new innovative products and channels.
10. Establish a high-level working group for internal coordination across the institution to facilitate information sharing and address challenges.
11. Conduct product awareness training at all levels for roll out success.

Technology is critical to driving product development and uptake, especially among low-income women.

12. Build in sufficient time during the project planning stage for testing and resolution of technological challenges.
13. Strong working relationships between business and ICT are critical for innovation and for creating a project team that can collaborate on a shared vision.
14. Appoint a dedicated support officer to manage and lead the resolution of technological challenges.

Reorganize and strengthen the agency banking team to build capacity for agent network expansion.

15. Ensure adequate staff strength in an agency banking team to support key functions including recruitment, monitoring, reporting and supervision, and provide regular training on these functions.
16. Recruit agent network managers with a background in sales instead of banking to support agent recruitment and monitoring activities, which require a strong sales pitch and significant field work.
17. Organize agent network managers according to defined territories to incentivize managers to develop those areas.
18. Support effective monitoring of agents through adoption of standardized tools for field staff.

Partnership with technical partners brings much needed expertise in project success.

19. Learn from experiences of financial institutions that have successfully launched similar products through peer learning exchanges, case studies and other knowledge sharing opportunities.
20. Hire an experienced resident advisor to work within the organization throughout the project, especially for complex product introductions that are new to the institution or which require capacity building.

Engaging local regulators is essential to ensure the product reaches its full potential for clients.

21. Advocate with regulators for suitable transaction or balance limits on simplified KYC accounts, so that they align with the savings capacity of the target market of low-income women.
22. Advocate to enable fixed agents to facilitate account opening, which has great potential to expand access to the unbanked, especially in rural areas.

What's Next?

NBS Bank will continue to expand the reach and quality of the Pafupi Savings for women in Malawi through key strategies including:

- **Targeted Sales to Women:** In order to reach more unbanked women with new accounts, NBS Bank is focused on targeted outreach to savings groups, cooperatives and other groups of women to do sales presentations. Gatherings of women provide an opportunity to go beyond the sales pitch and introduce financial education in more depth, giving these groups an understanding of the product, its benefits, how interest works, how to transact on the account and how to handle their ATM card and PIN.
- **Sales Incentives for Reaching Women:** To signal the institution's commitment to reaching women clients and incentivize the sales force for the extra effort required to win over women clients, Bwenzi La Pafupi earn higher payments for new women clients. Bwenzi La Pafupi will be paid MWK 350 (USD 0.50) for each new women client and MWK 250 (USD 0.40) for each new male client.
- **Expansion of the Agent Network:** To expand access points for Pafupi Savings clients, NBS Bank is exploring partnerships with mobile network operators to expand its Bank Pafupi agent network.
- **Engaging Regulators:** As Pafupi Savings is a simplified-KYC account, it has account balance limits as stipulated by the RBM. At the policy level, NBS Bank is actively seeking approval from the RBM to increase account balance limits on Pafupi Savings from MWK 50,000 (USD 71.84) to MWK 200,000 (USD 287.34). NBS Bank is requesting this change to meet the demand from high-performing savers as current account balance limits are restrictive and do not align with the savings capacity of the target market.
- **Linking Groups:** With further support from UNCDF MicroLead, NBS Bank and Women's World Banking partnered with a local microfinance institution, CUMO Microfinance Limited, to provide its groups with a basket of financial services including a group account, Pafupi Savings, and loan repayment services through NBS Bank's agent network.

Conclusion

In Malawi, NBS Bank and Women's World Banking began this project with significant obstacles: low levels of financial inclusion across the country, especially among women, a target market that did not believe banks were for them, and limited institutional resources to build an unprecedented savings product. Pafupi Savings not only proves the value of investing in digital financial services to serve new client segments, but Pafupi Savings can also pave the way for regulatory changes in Malawi and across the region to help other institutions design products that bring underserved communities into the formal financial sector.



New customer opening a Pafupi savings account with a NBS Bwenzi La Pafupi (field agent)

ABOUT UNCDF

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

ABOUT MICROLEAD

MicroLead, a UNCDF global initiative which challenges financial service providers to develop, pilot and scale deposit services for low income, rural populations, particularly women, was initiated in 2008 with support from the Bill & Melinda Gates Foundation and expanded in 2011 with support from Mastercard Foundation and LIFT Myanmar. It contributes to the UN's Sustainable Development Goals, particularly SDG 1 (end poverty), SDG 2 (end hunger, achieve food security and promote sustainable agriculture) and SDG 5 (achieve gender equality and economic empowerment of women), as well as the Addis-Abeba Financing for Development Agenda (domestic resource mobilization).

MicroLead works with a variety of FSPs and Technical Service Providers (TSPs) to reach into previously untapped rural markets with demand-driven, responsibly priced products offered via alternative delivery channels such as rural agents, mobile phones, roving agents, point of sales devices and informal group linkages. The products are offered in conjunction with financial education so that customers not only have access but actually use quality services.

With a specific emphasis on savings, women, rural markets, and technology, MicroLead is a performance-based programme that supports partnerships which build the capacity of financial institutions to pilot and roll out sustainable financial services, particularly savings. As UNCDF rolls out the next phase of MicroLead, it will continue to focus on facilitating innovative partnerships that encourage FSPs to reach into rural remote populations, build on existing digital financial infrastructure and emphasize customer-centric product design. For more information, please visit www.uncdf.org/microlead. Follow UNCDF MicroLead on Twitter at @UNCDFMicroLead.

ABOUT MASTERCARD FOUNDATION

Mastercard Foundation works with visionary organizations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by Mastercard when the Foundation was created in 2006. For more information and to sign up for the Foundation's newsletter, please visit www.mastercardfdn.org. Follow the Foundation at @MastercardFdn on Twitter.

ABOUT WOMEN'S WORLD BANKING

Women's World Banking is the global nonprofit devoted to giving more low-income women access to the financial tools and resources they require to build security and prosperity. For more than 35 years we have worked with financial institutions to show them the benefit of investing in women as customers, and as leaders. We continue to equip these institutions with in-depth market research, with sustainable financial products and consumer education to meet women's needs.

ABOUT NBS BANK

NBS Bank is a fully fledged commercial bank providing a wide range of financial services to individuals, small and medium businesses, large corporations and public institutions.

The Bank was incorporated as a limited company on 14th March 2003 and was registered under the Banking Act 1989 on 1st March 2004. It started its commercial banking operations on 1st July 2004.

In line with their philosophy of "taking banking to the people," the bank boasts of having one of the widest and probably the best service network in Malawi. NBS Bank has 32 real-time Service Centres strategically located across the country. In addition, the Bank offers the highest number of ATM's, very innovative Mobile, Agency and SMS banking services to give our customers additional service delivery platforms.



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