

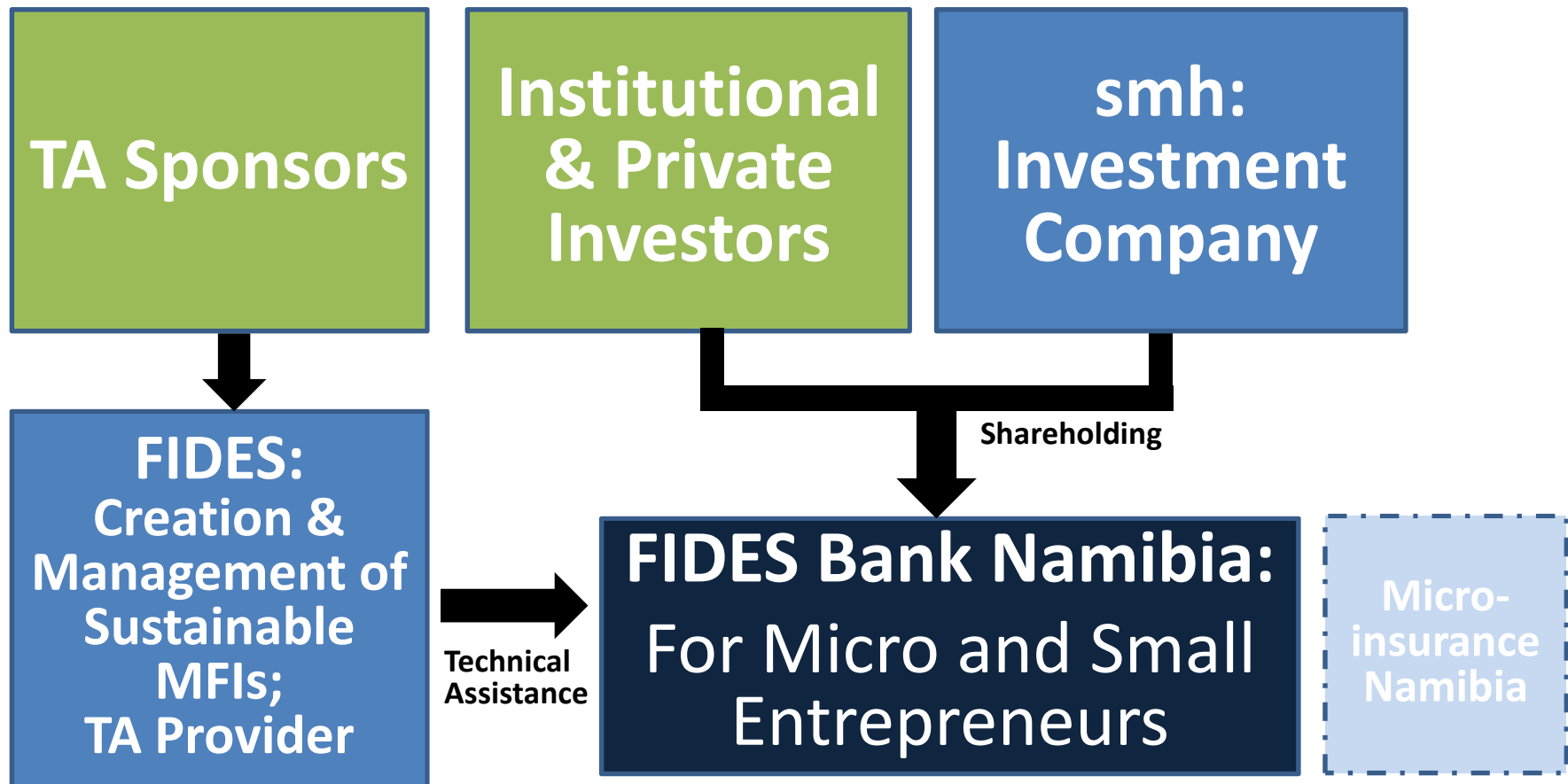


Financial Literacy of Active Poor in Namibia

Savings & Credit Forum

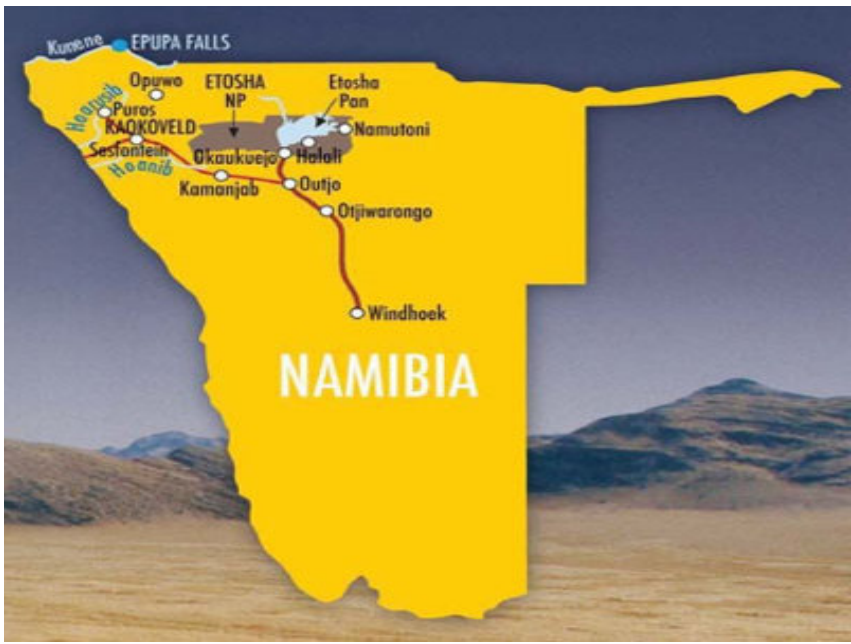
FIDES –13.05.2011

Institutional Set-up



Snapshot of FIDES Bank Namibia

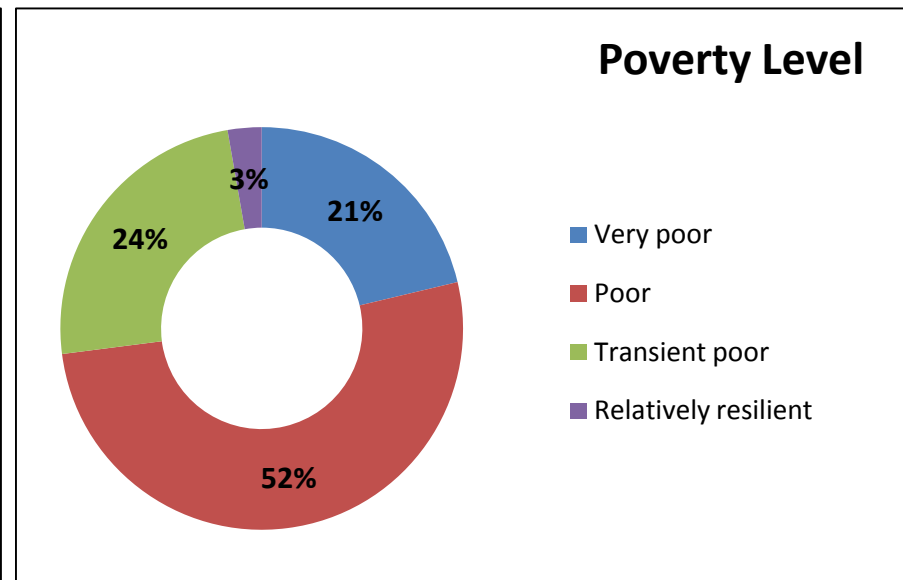
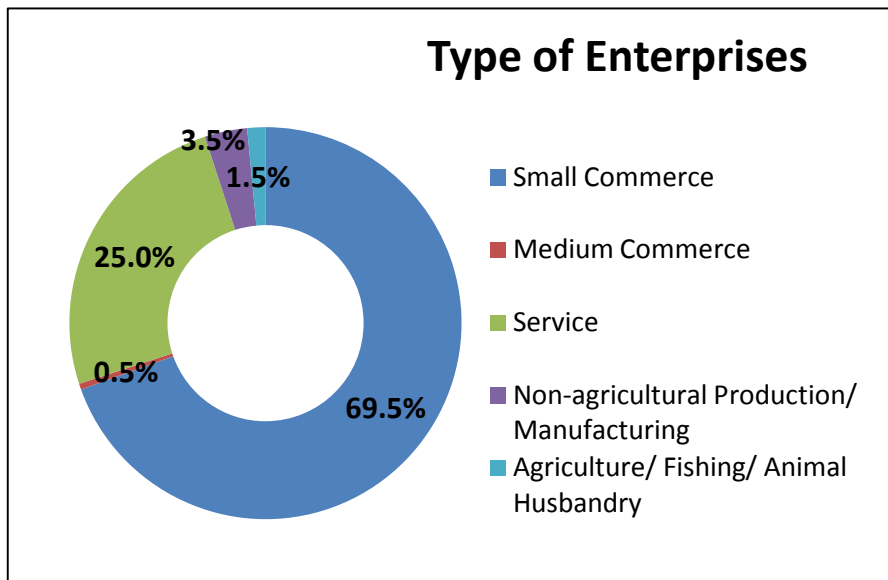
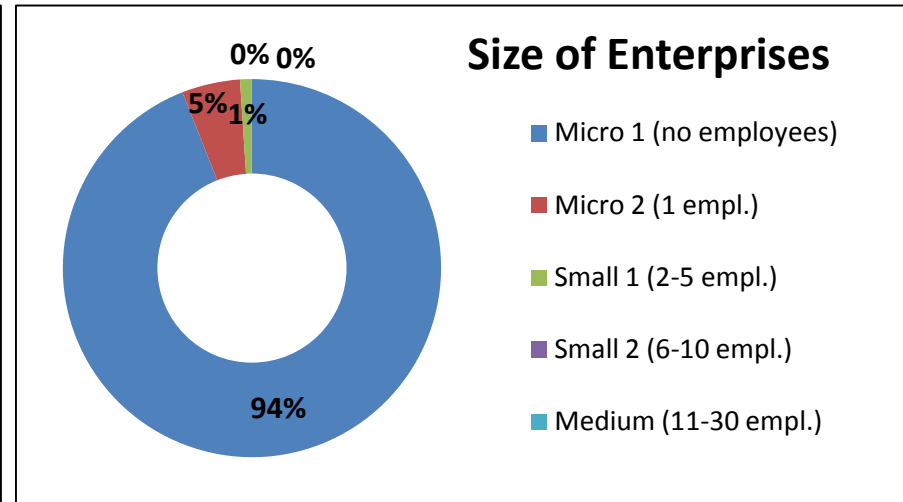
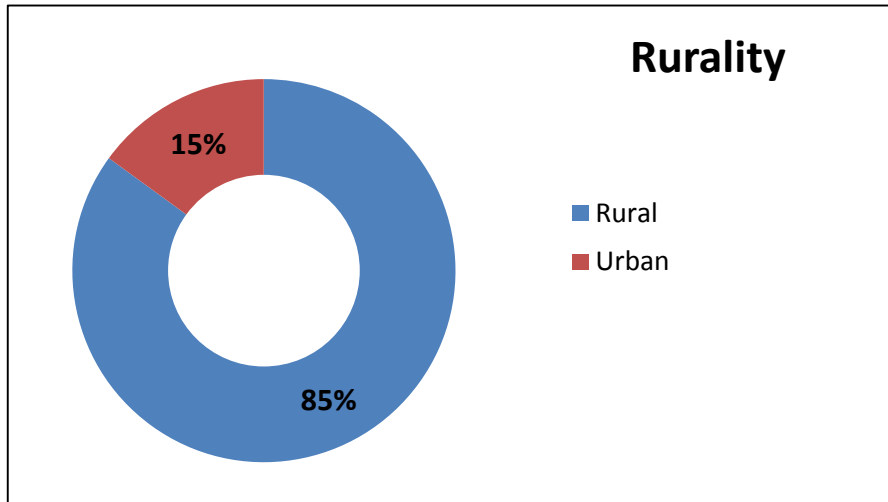
Mission:
to empower micro and small entrepreneurs through delivering financial products and services to the population in remote rural areas



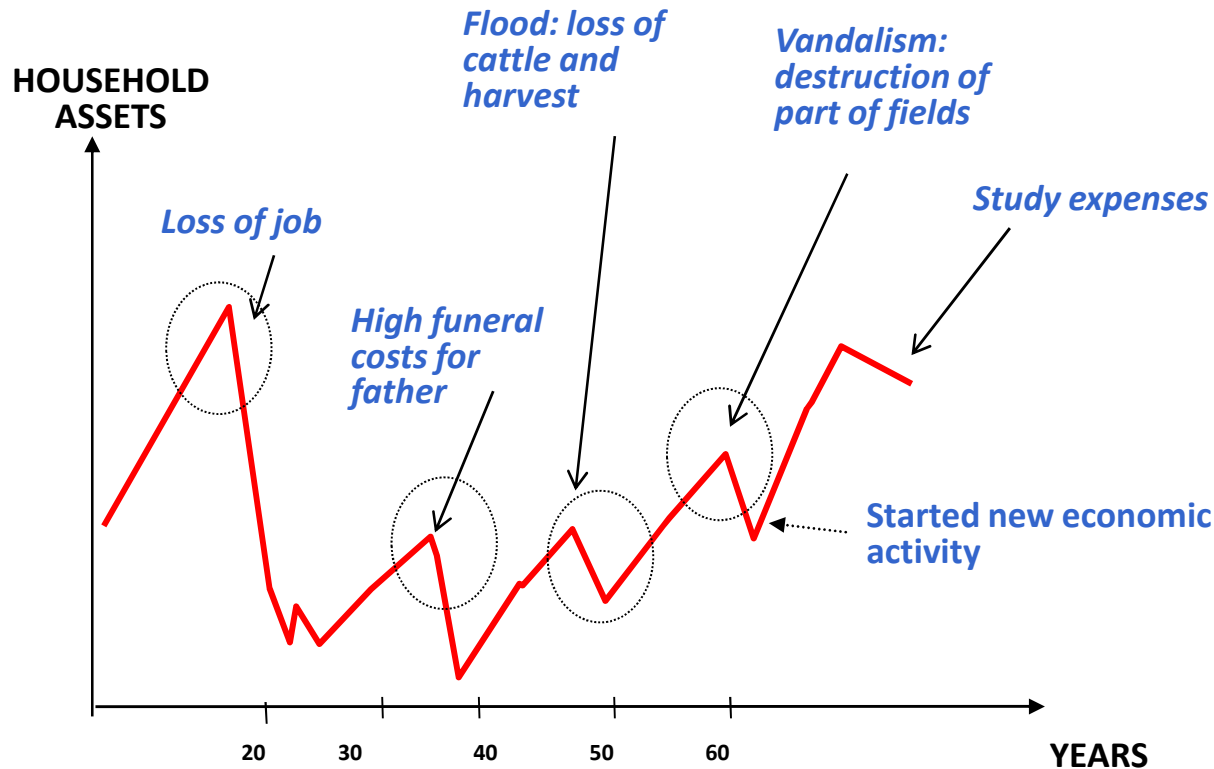
- Rural MF bank (northern Namibia)
- Banking licence since 2010
- 5 – 6000 active clients
- 60 staff
- Outstanding loans of approx. 0.95 Mio CHF



FBN Client Profile (as of end 2010)



Financial Management of the Poor



Poor clients have a lot of practical experience in financial management

 Circles highlight impact of risk events on the capital accumulation curves

Framework of Financial Literacy at FBN

Challenge

To integrate new and complementary financial instruments into financial management activities of clients

Objectives

Clients understand:

- ... the features of new products and how to use them for their own benefit
- ... their commitment and their rights towards FBN
- ... rules of the Loan & Savings Associations, commitment and rights of each member

Expected Results

- Informed consent
- Good functioning of Loan and Savings Associations

Example 1:



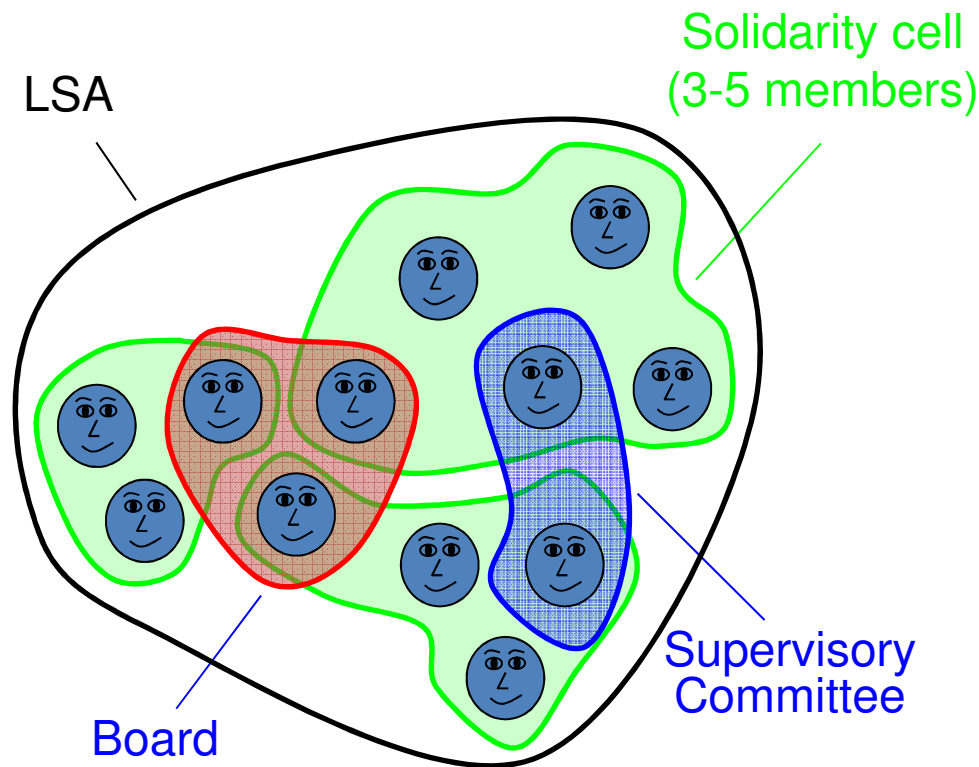
Language & Communication

- Specific financial terms and concepts do not exist in local language → translation and paraphrasing
- Provision of all information in local language
- Clear and self-evident contracts



Training of Loan & Savings Associations

STRUCTURE OF A LOAN AND SAVINGS ASSOCIATION (LSA)



- Membership-based guarantee organizations with strong peer pressure
- Self-organized
- Training of clients during creation process of LSA
- Final test at the end of the training

Group Meetings & Dialogue with Clients

- Client education is integrated into interactions of loan officers with clients
- Helps to understand problems people face (market research) → e.g. solidarity fund





Challenges and Way Forward

- Growing institution and expectations of profitability
 - How to “industrialize” processes and keep quality?
 - Creating the right incentives for staff
- Finding staff with banking skills, communication skills and ability to listen to clients
- Initial investment
- New, more complex products such as m-insurance
- General financial education vs. training focussed on bank offering

→ Aim: Systematic Financial Literacy Program



THANK YOU!