



Branching Out: Financial Inclusion at the Margins

Learning Brief

Introduction

This learning brief draws on the work of the Branching Out: Financial Inclusion at the Margins programme (the Branching Out programme). It summarises the lessons learnt from the programme on providing grant funding and technical assistance to organisations seeking to broaden financial inclusion for bottom of the pyramid communities, particularly women in Zambia, Rwanda and Sierra Leone.

The Branching Out Programme

Comic Relief in partnership with Jersey Overseas Aid (JOA) implemented the Branching Out programme from 2017.



JOA
JERSEY OVERSEAS AID

**COMIC
RELIEF**

G:ENESIS
UNLOCKING VALUE

A total of £7.3 million was committed to funding projects that aligned with four priority pillars:

- I. **Banking the Unbanked:** This included delivering front-line basic financial services to those that were financially excluded.
- II. **Investing in digital financial services (DFS) and FinTech development:** This included accelerating financial inclusion by investing in DFS and FinTech development.
- III. **Technical assistance:** This included supporting capacity building of regulators to enable regulatory action that supports innovation while still protecting financial consumers, and to enable FinTechs to better navigate the regulatory environment.
- IV. **COVID-19 resilience:** Additional grants were provided to support the development of innovations to address financial inclusion in the wake of COVID-19. These grants enabled key players in the financial inclusion ecosystem to explore and develop adaptation models, and ensure that the progress made on existing projects was maintained during the pandemic.

Eight organisations ('funded partners') were supported during the Branching Out programme:

Zambia 	<ul style="list-style-type: none"> United Nations Capital Development Fund Zambia (UNCDF Zambia) Financial Sector Deepening Zambia (FSD Zambia) Good Nature Agro (GNA) FINCA Zambia Toronto Leadership Centre (TLC)
Rwanda 	<ul style="list-style-type: none"> United Nations Capital Development Fund Rwanda (UNCDF Rwanda)
Sierra Leone 	<ul style="list-style-type: none"> Overseas Development Institute (ODI)
Worldwide 	<ul style="list-style-type: none"> Accion



Key Features of the Programme



An integrated approach to tackling financial exclusion

The Branching Out programme provided funding and technical assistance across four priority pillars and supported a broad range of projects that tackled the key barriers that prevent marginalised populations from being financially included.



Partnerships

The partner portfolio comprised of diverse organisations such as agile private sector FinTechs, non-governmental organisations (NGOs) and multilateral development organisations working in the regulatory environment and with financial service providers (FSPs).



Design of evidence-based solutions

Prior to the design and implementation of their respective projects, the funded partners invested in needs assessments, research studies, and human-centric design (HCD) research processes to understand the varying needs of the target beneficiaries. The funded partners relied on external data such as FinScope and Findex to better understand the state of financial inclusion in each country and design appropriate financial products and services.

Emerging Impact

Impact at the Local Level

- The Branching Out programme contributed to improved financial and digital literacy of previously unbanked and excluded populations through the provision of training. There is evidence of increased financial planning at household level.
- Additionally, the Branching Out programme encouraged participatory decision-making in household finances and contributed to gender equity and women's empowerment. Project level data suggests that the training will contribute to positive financial outcomes and assist beneficiaries to smooth their income in the long term.
- The creation and formalisation of savings groups, especially in geographically marginalised areas, resulted in vulnerable households benefiting from improved access to finance. There is evidence of an increased rate of transactions in savings groups. Through these savings groups, women have been able to access capital which they have used to expand their businesses. This has contributed to increased profits and in turn improved livelihoods.
- The use of DFS and agent networks has contributed to increasing the availability and ease of access to formal services for marginalised populations who typically do not have the appropriate digital infrastructure or need to travel long distances to access formal financial institutions.



Over 67,472 savings group members,

the majority of whom are women, have been supported through the various Branching Out programme initiatives. These initiatives have contributed to building the capacity of savings groups which has resulted in digitised operations and increased access to value added financial products and services.



22,817 refugees

and members of surrounding host communities, of whom 52% are women, gained access to new financial services such as loans and savings accounts through UNCDF Rwanda's partnerships with FSPs.

Impact at the Institutional Level

- The grant support to funded partners was catalytic to their efforts towards contributing to financial inclusion. Some of the organisations funded by the Branching Out programme had few other sources of available funding.
- The Branching Out programme also supported already existing interventions and enabled them to scale. This enabled the funded partners to build on outcomes they had achieved in the past, and extend intervention activities to include more value-adding products or services. It also meant that there was a sustainability strategy in place beyond the programme end.
- As a result of funded partners establishing partnerships and/or engaging other organisations, there is evidence of key ecosystem players such as mobile network operators (MNOs) and multi-national FSPs being more aware of the opportunities and ways to reach marginalised populations.



59,972 people, of whom 52% are women, have benefited from digital financial products developed and scaled through the support of UNCDF Zambia.



8,588 smallholder farmers have access to pre- and post-harvest payments and savings solutions through GNA's deployment of the Paycode platform. 32% of these smallholder farmers are women.

Impact at the Policy Level

- The regulatory projects implemented under the Branching Out programme contributed to the capacity building of key stakeholders such as government ministries by providing them with technical assistance tailored to their identified needs and priorities. This sensitised policymakers and regulators to the challenges faced by FinTechs and other FSPs in navigating the regulatory environment.
- The supported organisations have contributed to increased buy-in and commitment from policymakers and regulators in Zambia, Rwanda and Sierra Leone to support intervention activities, develop policies, strategies and action plans, and fund activities that will support FinTechs to develop DFS and bolster financial inclusion as a whole.



Over 30 FinTechs were supported in navigating the regulatory landscape through the Branching Out projects implemented in Zambia and Rwanda. This support included regulatory journey mapping sessions that connected FinTechs with regulators with the aim of accelerating the process of obtaining licences. Additionally, regulatory sandboxes were established that allowed FinTechs to get regulatory oversight and test their innovations.

Lessons Learnt



Reliable ICT infrastructure is essential to expanding financial inclusion at the margins.

A key challenge to the expansion of both traditional and digital financial services is inadequate ICT infrastructure that results in poor network connectivity. Financial inclusion programming should include engagement with MNOs in order to ensure the prioritisation of geographically marginalised areas in their network expansion strategies.



Access to mobile devices is essential to expanding access to DFS.

Mobile phones enable marginalised populations to access DFS such as mobile money, e-wallets and other financial products for marginalised populations. Financial inclusion interventions targeting women should aim to bridge the digital divide by providing access to mobile devices where this access does not exist. Additionally, they should provide digital literacy training to beneficiaries so that they can fully leverage the DFS that are available to them on mobile devices.



Expansion of agent banking to rural areas is essential for expanding financial inclusion at the margins.

Agency banking is crucial for expanding financial inclusion, particularly to geographically marginalised populations where traditional FSPs may not have a physical presence. Further, agency banking is a great model for encouraging the adoption of formal financial services amongst populations where there may be cultural or social resistance to engaging in formal finance.



GENESIS ANALYTICS | September 2022

Office 3, 50 Sixth Road, Hyde Park, **Johannesburg**
Aviation House, 125 Kingsway, London, WC2B 6NH, **London**
4th Floor, West Park Suites, Ojjo Road, Parklands, **Nairobi**

AUTHORS | Akosua Koranteng, Alyna Wyatt, Bonga Khoza, Thandiwe Ng'ombe

www.genesis-analytics.com