

# Promoting Financial Inclusion :

How credit unions are bringing financial inclusion to marginalised communities :

Patrick Muriuki  
Kenya Country Coordinator  
[www.woccu.org](http://www.woccu.org)



# Who is WOCCU?



- WOCCU is the apex association for global financial cooperatives
- Our network of member-owned financial institutions instills a natural trust and spirit of cooperation within communities.
- Leveraging this platform, WOCCU supports financial markets in growing economies, along with global partners, such as USAID, the UN, and the World Bank by promoting financial inclusion, strengthening institutions as well as providing policy and regulatory support.

“All people should have access to affordable, reliable, and sustainable financial services.”

# WORLD COUNCIL OF CREDIT UNIONS 2017 STATISTICAL REPORT

THE GLOBAL NETWORK OF  
**CREDIT UNIONS AND  
FINANCIAL COOPERATIVES**



## AFRICA

	Credit Unions	Members	Savings & Shares (USD)	Loans (USD)	Reserves (USD)	Assets (USD)	Penetration**
Benin <sup>(a)</sup>	66	1,937,383	186,974,819	229,484,894	NA	NA	33.06%
Burkina Faso <sup>(b)</sup>	72	1,889,641	365,581,154	284,989,442	NA	NA	19.41%
Cameroon	229	540,472	303,093,579	226,188,091	22,832,824	352,729,260	3.66%
Ethiopia	20,193	4,177,541	364,338,274	NA	119,850,426	577,239,175	7.36%
Gambia	64	76,570	22,287,872	15,778,522	NA	25,636,089	7.20%
Ghana <sup>(c)</sup>	481	577,194	156,601,854	90,060,125	20,495,302	187,307,016	3.53%
Guinea-Bissau <sup>(b)</sup>	6	10,412	354,860	287,181	NA	NA	1.03%
Ivory Coast <sup>(b)</sup>	55	1,163,673	440,427,420	477,327,409	NA	NA	9.01%
Kenya	7,035	6,804,463	4,600,052,723	5,669,332,227	599,208,989	6,978,078,596	24.86%
Lesotho <sup>(d)</sup>	90	76,000	NA	NA	NA	7,300,000	0.00%
Liberia <sup>(a)</sup>	45	3,459	726,295	571,596	NA	NA	0.00%
Madagascar	6	693,920	68,350,451	48,362,479	NA	NA	4.85%
Malawi	39	102,421	13,394,093	12,761,587	3,953,882	20,473,117	1.07%
Mali <sup>(b)</sup>	105	1,103,334	131,715,381	183,550,600	NA	NA	12.35%
Mauritius <sup>(d)</sup>	138	66,000	NA	NA	NA	35,000,000	0.00%
Niger <sup>(b)</sup>	40	258,514	41,964,980	56,298,411	NA	NA	2.65%
Rwanda <sup>(d)</sup>	416	1,607,560	101,831,680	46,295,264	27,803,247	137,199,202	0.00%
Senegal <sup>(b)</sup>	193	2,562,183	542,757,072	625,532,821	NA	NA	30.78%
Seychelles	1	15,619	22,277,803	17,126,854	1,817,444	26,541,444	23.71%
Sierra Leone	31	7,033	675,000	600,000	NA	NA	0.17%
South Africa	30	29,818	9,972,863	18,422,282	NA	22,842,375	0.08%
Swaziland	99	60,652	149,176,422	72,510,189	18,018,757	167,195,179	7.59%
Tanzania <sup>(d)</sup>	5,559	1,153,248	NA	545,000,000	NA	599,500,000	0.00%
Togo <sup>(b)</sup>	76	2,235,699	298,247,318	264,213,649	NA	NA	53.09%
Uganda	1,261	776,664	83,362,961	136,382,558	NA	NA	3.76%
Zambia	1,197	1,499,000	23,725,860	27,267,319	4,789,432	25,224,541	17.24%
Zimbabwe	80	182,300	5,930,600	NA	2,927,000	6,500,000	2.02%
<b>TOTAL Member Countries</b>	<b>7,830</b>	<b>8,043,628</b>	<b>5,096,146,347</b>	<b>6,016,040,480</b>	<b>648,308,441</b>	<b>7,565,129,433</b>	<b>11.63%</b>
<b>TOTAL Other Countries</b>	<b>29,777</b>	<b>21,567,145</b>	<b>2,837,674,987</b>	<b>3,032,303,020</b>	<b>173,388,862</b>	<b>1,603,636,561</b>	<b>8.61%</b>
<b>TOTAL AFRICA</b>	<b>37,607</b>	<b>29,610,773</b>	<b>7,933,821,334</b>	<b>9,048,343,500</b>	<b>821,697,303</b>	<b>9,168,765,994</b>	<b>9.25%</b>

AFRICA	Credit Unions	Members	Savings & Shares (USD)	Loans (USD)	Reserves (USD)	Assets (USD) f
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**% KENYA/ AFRICA**    19%            23%            60%            63%            73%            76%

Source: [www.woccu.org](http://www.woccu.org)



# What is a Credit Union?

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- A Credit Union (or savings and credit cooperative (SACCO)) is a type of financial cooperative that places a strong emphasis on social solidarity and the relationships between its members



# What Determines Credit Union Success?

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- The length of time since they were established and since suitable regulatory structures were introduced.
- Their ability to offer a broad range of loan products, including mortgages and business loans. This allows costs and risks to be more effectively spread over a diversified loan portfolio.
- Economies of scale achieved by collaborating to share central services, such as liquidity management, back office systems, and marketing.
- Their ability to compete more directly with commercial banks for more profitable customers.

# What is Financial Inclusion ?

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There are many definitions on Financial Inclusion.

- Financial inclusion can be defined as a “state in which all people of working age have **access** to a full suite of **quality financial services**, provided at **affordable prices**, **in a convenient manner**, and **with dignity** for the clients” (Accion International 2009).
- The Rangarajan Committee defined financial inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost." (2008). It includes access to **banking services, credit, insurance, savings and assets, money advice and financial literacy and capability**.

# Benefits of financial inclusion

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- It facilitates economic transactions to the large number of new economic agents.
- It helps low-income families who have small, unpredictable, and often seasonal incomes to manage their resources well.
- Families use financial services to gain access to education, health care, and other necessities that improve their quality of life.
- Low-income families who are subjected to many vulnerabilities can protect against these vulnerabilities through savings, credit, insurance.
- Entrepreneurs can use credit or savings to make productivity enhancing investments in productive assets.
- The right financial infrastructure can help asset recognition of the poor through financial leveraging.
- Financial services foster independence and build economic citizenship by giving people the ability to actively participate in their communities and countries.

# Nanyuki Boda Boda Youth SACCO (Kenya)

## CREDIT UNION CONNECTING WITH THE YOUTH

1. Registered in 2011
2. Initially the society's members focused on being supported by politicians and wasted their time on political wrangles
3. In October 2014, through the support of the Laikipia County Government visited KITEMOTO Housing in Kitengela.
4. After this educational tour, the officials called for a special general meeting immediately and the members agreed and resolved to move above politics and focus on their economic welfare.
5. The society is managed by 7 Board members and 3 supervisory committee members supported by 3 management staff.



### ACHIEVEMENTS SO FAR

1. Recruitment of 650 members.
2. 15 Million raised as member contributions.
3. Trained management, staff and members on co-operative governance.
4. Collaborates with other stakeholders such as KUSCCO, Nachu, NTSA, Swiss Contact and the government, & Nabosa shops to let



# **WOCCU's Financial Inclusion Work**

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**WOCCU's Credit Union Financial Inclusion programs focus on :**

- **Market studies**
- **Product differentiation**
- **Creation of local brands**
- **Improving physical institutional image**
- **Competitive interest rates**
- **Improving service and extending hours of service**
- **Investing on publicity, advertising, promotion**
- **New points of sale or branches**
- **Supervision/regulatory systems**

## Credit Union Strengthening Project Ecuador 1995-2001

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- Local context characterized by **economic crisis, high levels of inflation** and **currency devaluation**.
- In March 1999 the government imposed **temporary bank closings** and a freeze on deposits. 15 out of 38 banks failed. In 2001 the largest bank in the country closed its doors.
- CUs had stronger presence and greater market penetration in rural areas.
- CUs worked hard on meeting the institutional preconditions for savings mobilization having excellent results.
- Positive experience with **debit cards** and **ATMs**.

## Colombia : Financial Inclusion

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- Since 2008 WOCCU has been supporting financial inclusion of low-income populations.
- The project involved credit unions, commercial banks, microfinance institutions, and insurance companies.
- Savings products are mainly the same traditional products but delivery mechanisms are improved such as mobile banking and correspondent/field agents.
- Support of beneficiaries' financial literacy.
- Project financial sustainability is required.

## Savings and Credit with Education: Semilla Cooperativa (Cooperative Seed)

- This is a financial services model for sectors with no proper access to formal financial services, mainly located in poor rural areas.
- The model is implemented through **specialized business units, mobile applications** and **local service points** in commercial business for savings and credit transactions (correspondent/field agents).
- Beneficiaries are organized in groups but loans and savings are individual. The group is monitored by a CU representative



### How it works:

- The CU chooses the cooperative to carry out the first pilot of the cooperative seed project that is to bring financial and social services through rural financial advisors to rural sectors
- This model focuses on working with self-managed groups. The community establishes family and neighborhood groups that the rural counselor visits one to three times a month. During these meetings, the consultant conducts financial transactions using a mobile device while the community receives training that the cooperative offers in various arts and crafts allowing people to raise the quality of life.
- Through the Semilla Cooperativa program, the resident have learned the cooperative model, how to save, to take a responsible credit, access financial services, all from the comfort of their homes,.

# WOCCU's Recent Programs on Financial Inclusion

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- The recent programs for Financial Inclusion are based on providing access to **financial services** for underserved banking sectors: **savings, credit, insurance, correspondent agents** and **financial education**.
- Savings and credit products are tailored to the target market basically on operation procedures and technology involved.
- Benefit/cost analysis applies. The model should be **profitable** for participant financial institutions.



# Financial Inclusion in KENYA – CDP (2010-2018)

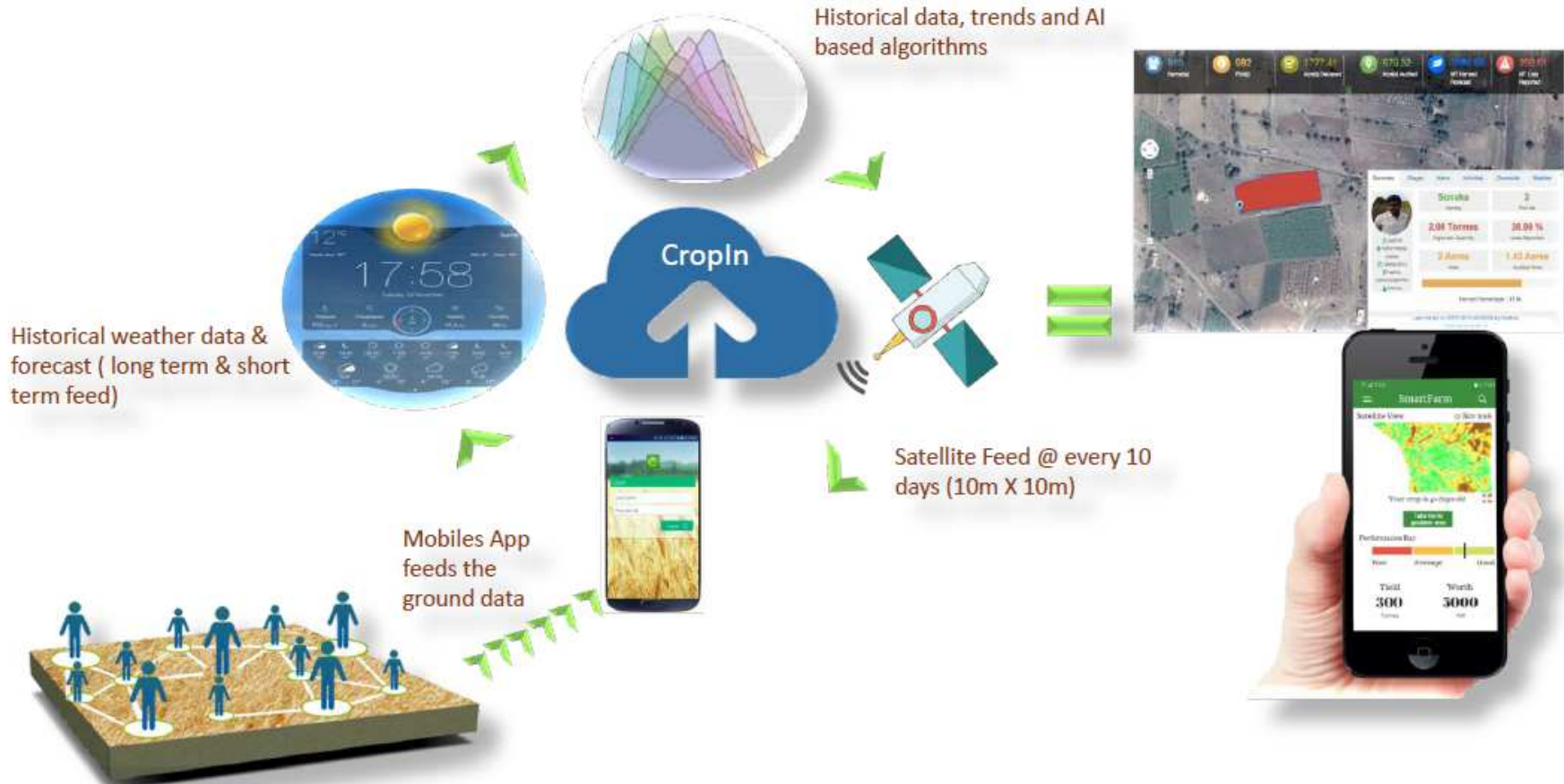
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*Efficiently and profitably provide a coordinated combination of financial and agricultural technical services*

- Improving Small Rural Producers' Income through Integrated Access to Financial Services and Agricultural Markets
- The goal of the Cooperative Development Program (CDP, a USAID-funded project running from 2010 to 2018), was to create a set of agricultural finance tools that guide credit unions worldwide serve rural populations.
- The program developed, tested and documented integrated methodologies that incorporate improved agricultural and financial products, services and IT-based delivery mechanisms.
  - Improved technologies
  - Farm budgeting
  - Linkage to inputs
  - Farm management (technical support)
  - Insurance
  - Market linkages
  - Demonstration farms
  - Organic production/integrated farming systems

# Technology for Smart monitoring

## Technology behind Smart Risk



# Some Statistics (CDP Kenya) – Sep 2018

Number of value chains	2 (grains and horticulture)
# SACCOs	7 (regulated, computerized, ABC)
Total Assets	\$136,573
Total Deposits	\$94,116,025
Total Membership	311,748
# of Loans Outstanding	106,295
Total Loans Outstanding	\$110,412,600
Producer Groups using Toolbox	93
# of Crops Financed in Pilot	8
# of Agri. Loans Outstanding	425
Total Agri. Loans Outstanding	\$93,406
# Agronomists	5 (WOCCU 2, KUSCCO 3)



# Credit Union Growth Programs ( Gates)

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## SACCO Growth Program:

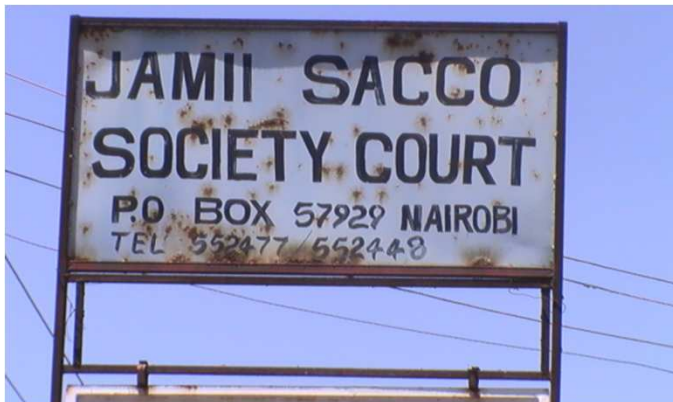
- Through funding from the Bill and Melinda Gates Foundation, WOCCU tested pro-poor outreach strategies, methodologies and financial products to dramatically increase SACCO membership, especially among low income populations.



# Challenges to SACCO Growth



Poor image – Restrictive names and common bonds – Dormant products – No regulations for deposit-taking SACCOs – High delinquency – Governance issues – Poor MIS



# How WOCCU Increased SACCO Membership and Assets

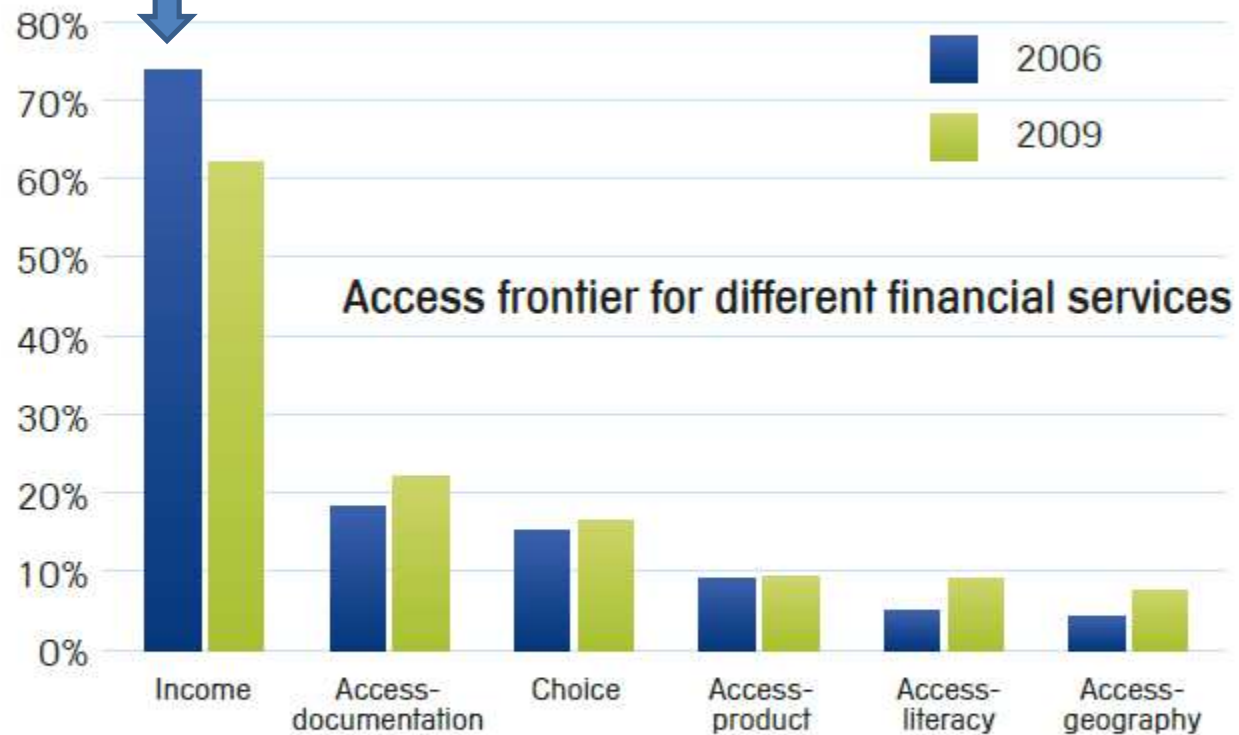
Focus group discussions -- Branding -- Awareness -- New products -- Improved MIS -- ABC/Agent banking -- Market research -- Training of staff and board members -- Encourage open common bonds for community -- Task force for SACCO regulations





# Barriers to financial inclusion

has no money to save, no regular income or lack of affordability



Financial Inclusion in Kenya: Results and analysis from FinAccess 2009

## Financial inclusion in Kenya

Survey results and analysis from FinAccess 2009

Source: FinAccess 2009

# SACCO Growth: Results (Nov 2006 to Oct 2009)

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- **Overall membership** increased by **83%** from 52,563 to 96,255
- The proportion of members living off \$1 per day or less grew from 38.9% to 59.2%.





# Muramati SACCO Rebrand as Unaitas



beginnings in  
**1993**

The Sacco  
later adopted  
the name  
Muramati  
Sacco in  
**2007**

Muramati  
rebranded to  
Unaitas in  
**2012**

2006: 36k Members  
2009: 68k members, 10 connected branches  
2018: 250k members, 25+ branches

# Masaku Traders became UTS SACCO



Late Teller Window + M-Pesa

2008: 1,680 Members  
2009: 17k members  
2019: 62k members





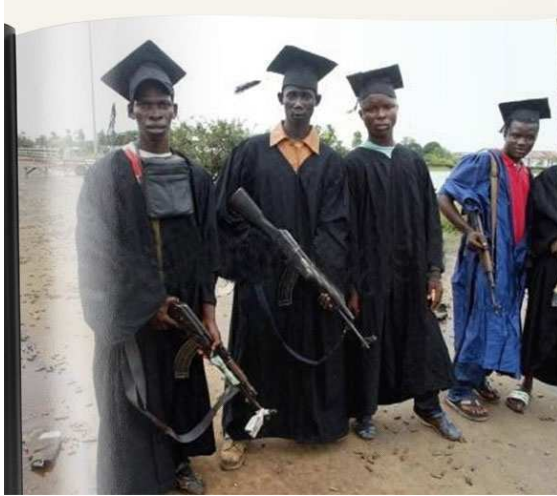
# REBUILDING CREDIT UNIONS

How can you help the poor people in a country like this?

Population	4,195,666 (July 2015 est.)
Gross national saving	Negative 35% of GDP
Inflation rate	7.7% (2015 est.)
GNI per capita, PPP	\$700 (2014 est.)
GDP per capita	\$900 (2014 est.)
Population below the poverty line	63.8% (2007 est.)
Life expectancy	58.6 years (total population) (56.94 male, 60.32 female, 2015 est.)
Literacy rate	47.6% (total population)
Labor force	1.6 million (2015 est.)
Unemployment rate	85% (2003 est.)
Access to formal financial services	5 - 7%
Human Development Index Ranking**	177 out of 188 countries (2014 ranking)
Labor force by occupation	70% agriculture, 22% services, 8% industry
Industries	Mining (iron ore), rubber processing, palm oil processing, timber, diamonds
Agriculture	Rubber, coffee, cocoa, rice, cassava, palm oil, sugar cane, bananas, sheep, goats, timber
corruption perception index***	37 points out of 100 on 2015 Corruption Perception Index (0 highly corrupt-100)

# Reviving CU Movement

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## After-effects of Devastating Civil War

- Donor fatigue
- High Dependency on hand-outs – govt, remittances
- Poor infrastructure - roads, telecom
- Bad history with Primary credit unions
- Low education levels
- Lack of trust
- No financial institutions in the rural areas
- Lack of savings culture
- Inadequate regulations
- Slash & burn agriculture
- No charges on saving deposit services



# Credit Union revitalization in Liberia: 2013-6

- WOCCU has been engaged in Liberia since the 1970s when it helped create the country's credit union sector.
- The two civil wars that spanned over 14 years left credit unions severely damaged.
- The UNCDF project was designed to help rebuild the sector by developing four regional credit unions to serve as models for the rest of the sector



July 2017 - UNCDF MicroLead Partner Case Study Series



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**Liberia Credit Union Building Back on Track as Ebola Wanes**  
World Council & Liberian Credit Union National Association Reinstate Program  
April 17, 2015

MONROVIA, Liberia — After a nine-month suspension due to the Ebola virus outbreak in Liberia last June, World Council of Credit Unions has revived their model credit union building project that aims to bank 40,000 Liberians previously without access to financial services.

The Ebola virus, which compelled World Council to withdraw its project manager from the country, has been on the wane since March. This month World Council Chief of Party Patrick Muriuki returned to Liberia to resume his management position.

World Council, UNCDF and LCU/NA representatives watch as a member of In God We Trust Multi-Purpose Credit Union makes a deposit in Monrovia.

Organization: **World Council of Credit Unions**  
Phone: (608) 395-2000

World Council, with MasterCard Foundation

# LIBERIA: Addressing Barriers to financial inclusion



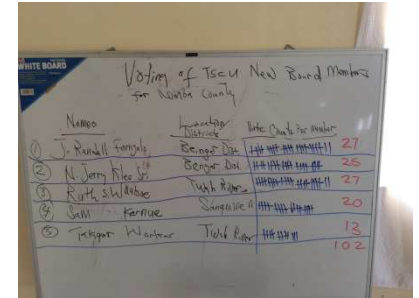
Apex strengthening



Physical Building



Education & Training



Democratic Leadership



Involving Community leaders



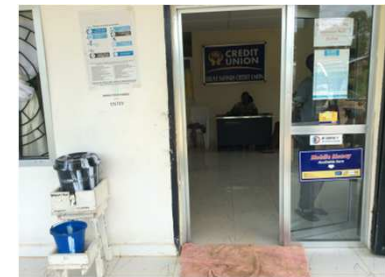
Involving Community to pool resources



Mobility & agent services



Savings Mobilization – VSLA-PCU-RCU



Mobile Money



# Liberia: Regional CU Outreach



## REGION 1 COUNTIES

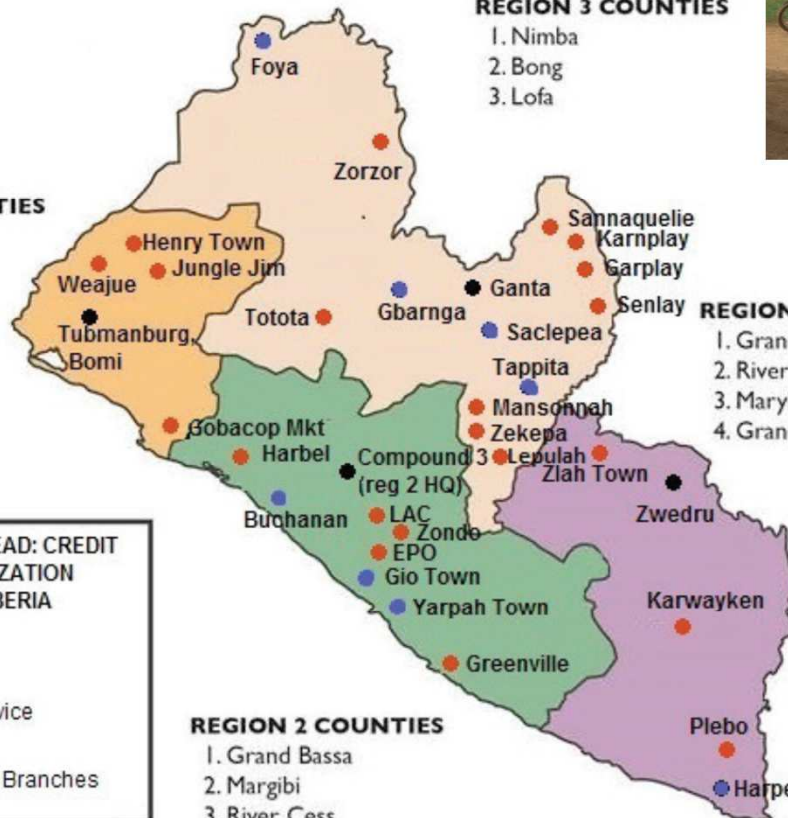
1. Montserrado
2. Bomi
3. Cape Mount
4. Gbarpolu

## REGION 3 COUNTIES

1. Nimba
2. Bong
3. Lofa

## REGION 4 COUNTIES

1. Grand Gedeh
2. River Gee
3. Maryland
4. Grand Kru



UNCDF MICROLEAD: CREDIT UNION REVITALIZATION PROGRAM IN LIBERIA

- HQ Office
- Points of Service
- Credit Union Branches

## REGION 2 COUNTIES

1. Grand Bassa
2. Margibi
3. River Cess
4. Sinoe



# UNCDF Liberia: Score Card

	Region I MNCU	Region II UPSCU	Region III TSCU	Region IV USCU	Total RCUs (as of March 31, 2016)	Target (December 2015)
Number of Active Borrowers	150	26	25	66	267	220
% of Female Borrowers	34%	38%	44%	23%	33%	45%
% Rural Borrowers	100%	100%	100%	100%	100%	45%
Gross Loan Portfolio (USD)	\$77,698	\$32,289	\$20,829	\$33,894	\$164,710	\$47,080
Average Loan Balance per Borrower	\$518	\$1,241	\$833	\$514	\$617	\$214
Average Loan Balance per Borrower/GNI/ Capital	136%	326%	219%	135%	162%	<50%
Number of Active Depositors (Voluntary)	1,224	1,930	1,556	1,726	6,436	12,500
Females	694	670	798	577	2,739	
Males	421	1,102	688	1,059	3,270	
Institutions (including SGs, PCUs, cooperatives and schools, small family businesses, among others).*	109	158	70	90	427	
% of Female Depositors (Voluntary)	57%	35%	51%	33%	42%	50%

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### WOCU Opens 5th Credit Union Bank in Tappita

By Teta Brueck June 14, 2016



population and stable business environment in Nimba County and...

WOCU

**coop** International Cooperative Alliance

WOCU is helping to rebuild the Liberian credit union sector



The World Council of Credit Unions (WOCU) is returning its credit union building project in Liberia. The project aims to give 40,000 Liberians access to financial services.

Due to the Ebola virus in the area, WOCU had to withdraw its project manager from the country. It has been experiencing one of the toughest outbreaks of Ebola in history. There are...

... as a result, WOCU staff of party Patrick Munkah has...



# Questions?

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“All people should have access to affordable, reliable, and sustainable financial services.”

