



DRAFT REPORT

COMMUNICATION NEEDS ASSESSMENT STUDY FOR FINANCIAL ACCESS FOR RURAL MARKETS AND SMALLHOLDERS ENTERPRISES (FARMSE)

Submitted by

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Abbreviations

BAM	Bankers Association of Malawi
CBFOs	Community Based Financial Organizations
COMSIP	Community Savings and Investment Promotion
CUMO	Concern Universal Microfinance Operations
DAES	Department of Agriculture Extension Services
DEP&D	Department of Economic Planning and Development
ECAMA	Economic Association of Malawi
EPA	Extension Planning Area
FARMSE	Financial Access for Rural Markets and Smallholders Enterprises
FGDs	Focus Group Discussions
FSPs	Financial Service Providers
GIZ	Gesellschaft für Internationale Zusammenarbeit
HHQ	Household Questionnaire
IFAD	The International Fund for Agricultural Development
IGAs	Income Generating Activities
KAP	Knowledge, Attitude and Practice
KIIs	Key Informant Interviews
MAMN	Malawi Microfinance Network
MIT	Ministry of Industry and Trade
MoFEPD	Ministry of Finance, Economic Planning and Development
MoAIWD	Ministry of Agriculture Irrigation and Water Development
MNOs	Mobile phone Network Operators
MUSCCO	Malawi Union of Savings and Credit Cooperatives
RDC	Royal Development Consulting
RBM	Reserve Bank of Malawi
SACCO	Savings and Credit Cooperatives
SME	Small and Medium Enterprises
VSLs	Village Savings and Loans

Executive Summary

This report presents the findings of the information needs assessment which the Knowledge Management and Communications Department of Financial Access and Rural Markets for Small Enterprises Programme commissioned. The results show that FARMSE Programme Management Unit currently, does not have its own functional official website, but that it is in the process of being developed. The programme has been engaging both electronic and print media on adverts or call for concept notes, expression of interests for the programme. PMU has conducted media workshop to orient the media about the programme. However, the programme is yet to fully utilize mass media for awareness of the programme.

The information needs assessment survey reveals that more players in the financial services provision and ultra-poor graduation implementation are endeavoring to reach out to rural communities using such strategies as physical presence of agents or officers, open-air meetings, community meetings, mobile banking, road shows, mobile phone applications and through mass media. Efforts are also being made to advance financial literacy education to rural communities. However, most of the services being provided by financial service providers fail to reach optimum desired end as evidenced by lack of awareness, having no or insufficient knowledge of the services relating to savings, banking, loans, asset accumulation, personal finance, confidence building and diverse income generating activities among other services. The messages about financial products and services often require high level of literacy to comprehend, making it not user-friendly for most rural people, whose education levels are at primary level. Furthermore, the products and services are inclined towards urban people and are often not within reach of rural communities. The products and services tend to lean towards more men than women. Channels being used for information dissemination to rural people are in some cases inaccessible and the messages lack details, clarity or simplicity for rural populace. Furthermore, there is overreliance on face to face service and information provision among players in the financial services and ultra-poor graduation implementation, which has been acknowledged as a big challenge to reach masses, expensive and unsustainable.

The assessment reveals that most of the rural people heavily rely on extension workers, other community members and community meetings to access information about financial services, yet these sources have no substantial knowledge about such services. The study also reveals that rural people prefer messages that would help them understand and make use of the financial services and also prefer use of extension workers, radio, and mobile phones as communication channels for financial services and ultra-poor graduation.

Therefore, the report recommends that FARMSE should consider using a combination of face to face and mass media approaches; using local structures at community level to disseminate ultra-poor graduation and financial services information; adopt a multimedia approach in dissemination of financial services and ultra-poor graduation information and ensure harmonization of ultra-poor graduation and financial literacy messages. The programme should consider engaging institutions of higher learning to integrate financial literacy in their training modules. FARMSE should consider having a portal where all the FARMSE implementing partners' activity updates can be accessed. FARMSE should consider organizing annual events to share experiences, lessons learned and best practices with regards to different innovations of the programme.

1.0 Introduction and Background

The Government of Malawi through the Ministry of Finance, Economic Planning and Development is implementing a seven years Financial Access for Rural Markets, Smallholders and Enterprise Programme (FARMSE). The overall goal of the programme is to reduce poverty, improve livelihoods and enhance the resilience of rural households on a sustainable basis. The Programme's development objective is to increase access to, and use of, a range of sustainable financial services by rural households and micro, small, and medium enterprises. The programme has three key components namely: Component 1: Ultra-poor graduation model development and scaling up; Component 2: Support to Financial Innovation and Outreach; and Component 3: Strategic Partnerships, Knowledge Generation, and Policy.

FARMSE engaged Royal Development Consulting to conduct an information needs assessment survey for the FARMSE programme. The consultant collected communication needs information from rural beneficiaries, implementing partners and PMU.

The study was conducted in three FARMSE focal districts of Mzimba, Salima and Phalombe as predetermined by and purposively sampled.



The consultancy collected quantitative and qualitative information to help provide basis for the development of a knowledge management and communication strategy for the FARMSE programme. Specifically, the study collected information that would guide in knowledge management and communication strategy to enhance implementation of Ultra-Poor Graduation interventions such as confidence building, food security, savings and access to loans, technical skills in income generating activities, and asset accumulation. The consultancy would provide information relevant for development of knowledge management and communication strategies to enhance expansion of financial services to rural areas through strengthening or formation of informal financial groups and formal financial services through innovative products and services.

Objectives of the Assignment

The overall objective of the assignment was to identify gaps in Knowledge, Attitude and prevailing Practices (KAPs) relating to financial access and ultra-poor graduation

interventions. The research findings would help FARMSE to ensure that all its media messages are developed, disseminated and tailored to meet the information needs of the rural populace, FARMSE implementing partners and FARMSE Programme Management Unit, in order to accelerate achievement of the objectives of the programme. The needs assessment would help to improve the effectiveness of the programme by ensuring: i) development of evidence-based and needs-driven programme and policies for FARMSE users/audiences; ii) addressing knowledge gaps and improving knowledge exchange systems and processes. Furthermore, the needs assessment would serve as a baseline snapshot of the current situation, which the programme would use as a basis for comparing the effects of the knowledge management intervention at the end of the programme.

Below were the specific objectives of the task:

- 1) Analyze FARMSE Programme Management Unit's Knowledge Management and Communication techniques and tools for effective publicity and sharing of programme achievements;
- 2) Conduct a systematic literature review for access to rural finance and Ultra-Poor Graduation interventions in Malawi;
- 3) Establish key perceptions and attitudes among rural people regarding access to rural finance products and services;
- 4) Establish perceptions of Financial Service Providers towards rural clients' use of financial services;
- 5) Assess current implementation status of financial literacy strategy and establish gaps;
- 6) Assess information requirements and effective communication channels for Ultra-Poor Graduation beneficiaries
- 7) Analyse the Service Providers' communication practices targeting rural people focusing on access to rural finance and Ultra-Poor Graduation interventions and identify gaps therein.

2.0 Methodology

2.1 Technical approach

The consultants used participatory and triangulation approaches in conducting the formative research. Both qualitative and quantitative methods were used in conducting the study. The quantitative methods assisted to establish baseline values which form basis for measuring progress toward intended outcomes and objectives after the interventions. This will also aid in the development and implementation of the communication strategy; and will guide FARMSE to set targets with focus on communications and knowledge management. The qualitative methods was used to provide explanations to the trend in the knowledge, attitudes and practices in ultra-poor graduation parameters and financial services. The use of both

quantitative and qualitative methods provided opportunity to triangulate the findings and ensure reliability and validity of the formative research findings. The consultants identified stakeholders which were interviewed at national, district, extension planning area and community levels based on the guiding principles as provided in the TORs and recommendations from the inception meeting held with FARMSE technical team.

- In undertaking of the formative research, Royal Development Consulting employed **wealthy ranking** based on Government of Malawi's National Social Protection Programmes socio-economic analysis of the poor rural Malawians. This helped to identify information needs on financial services and markets and preferred/or easily accessible channels of information for financial services by rural communities, micro and small enterprises, based on their economic status. This therefore included the following 5 categories of Ultra-Poor but labour constraint, Ultra-Poor but non-labour constraint, Poor but food secure, Vulnerable to poverty and Resilient to poverty.
-

2.2 Sample design and sample size

A total of 160 instead of the planned 150 household representatives from micro and small enterprises, and other formal and informal community based financial organizations were randomly sampled from the purposively sampled 3 districts where FARMSE is being implemented. The specific districts included Phalombe in the southern region, Salima in the central region and Mzimba in the northern region. In each district, two areas were randomly selected for administration of the structured questionnaire to the randomly selected community representatives of micro and small enterprises, and community based financial organizations, and in each of the two areas in each district, 25 household representatives were randomly selected to be interviewed using structured questionnaire.

2.3 Data Collection Method

The formative research used both secondary and primary data methods to generate quantitative and qualitative data. The following data collection tools were used; document review, household questionnaires, focus group discussions and key informant interviews as outlined below:

i. Review of documents

The consultants reviewed a number of documents such as; FARMSE programme documents and technical reports in microfinance; other previous studies on financial services in Malawi and the region, analysis of various financial services products of various private and public sector-formal and informal institutions, financial services and related policy documents, knowledge management and communications reports and research study results. The study reviewed documents such as the financial literacy strategy, the financial inclusion strategy and communication strategy of the financial literacy education of the Reserve Bank of Malawi and other institutions. The output of this process led to the development of systemic literature and data collection tools namely household questionnaire, Focus Group Discussions and key informant interviews. The exercise contributed to attainment of objectives 1-7.

ii. Household questionnaire

The developed household questionnaire had a number of sections that included assessment of knowledge of financial services information, attitude, accessibility and utilization of financial services, market information and ultra-poor graduation parameters. The thematic questions were guided by the goals and objectives of the study as stipulated in the terms of reference. The consultant ensured that gender was considered in the sampling of the households interviewed and during analysis of data. The household questionnaire has contributed to outcomes of objective 2, 4-7 of the TORs

i. Focus group discussions (FGD)

Focus group discussions were carried out with the selected financial cooperatives, community based financial organizations (both formal and informal). In Phalombe there were no established groups under any FARMSE implementing partners so the focus group discussions did not have specific community groups under any partner, rather informal financial groups such as Village Savings and Loans mainly under social welfare. In Salima focus group discussions were done with Juma group under Care Malawi and another group called Kantchenembwe under the district community development office. In Mzimba district the study was done with groups belonging to FINCOOP and Care Malawi. The FGDs involved men, women and youth using group discussion guide. The topics for discussion focused on assessing levels of knowledge, attitude, access to rural financing, and utilization of financial services and marketing and ultra-poor graduation related issues. The use of FGDs helped to establish, ascertain, verify and validate issues, opportunities, in line with the FARMSE program goal and objectives as stipulated in the TORs. The FGDs addressed objective 3-7 of the TORs.

Table 1: Summary of the groups involved in Focus Group Discussions

District	Group 1	Group 2
Phalombe	Khamula Group (a social welfare Group involved in VSL)	Phalombe Central (a Social Welfare group involved in VSL)
Salima	Juma VSL group (under Care Malawi)	Kantchenembwe VSL group (under District Community Development Office)
Mzimba	Ziba CBFO (under FINCOOP)	Zifa Mhlanga group (Under Care Malawi)

ii. Key informant interviews (KIIs)

Key informant interviews were administered to representatives of the following key stakeholders; a) Financial Service Providers – NBS & FINCOOP, b) Community Based Financial Organizations – CUMO, HEIFER, & COMSIP; c) Ultra-poor graduation program implementer – CARE (Malawi) , OXFARM & Social Welfare (Phalombe).

The key informant interviews were conducted will contribute to the development of an inventory of communication strategies on financial services being implemented by sampled financial service providers. The KII have contributed by addressing to the project objectives number 1, 4 - 7.

Table 2: Summary of the Key Informant interviews conducted

NAME OF THE INSTITUTION	NAME OF THE INTERVIEWEE	POSITION
FARMSE	Golie Nyirenda	Knowledge Management and Communications Consultant
Reserve Bank of Malawi	Mzithembi Mbekeyani	Public Relations Officer
Care International	Lemekeza Mokiwa	Program Director Food and Nutrition Security
NBS	Phillip Madinga Takondwa Kapalamula Ruth Bema Mary Kondowe	Commercial Executive Officer
HEIFER International	Kondwani Kaonga Donald Kazanga	Director of Programs BDM
FINCOOP	Batwell Kamenya Aaron Kaponda Felix Mwale	Marketing Manager IT officer
MUSCCO	Reloy Banda	Public Relations Officer
CUMO	Ezekiel Phiri	Country Director
Phalombe Social Welfare	Aida Chilo	District Social Welfare Officer
Oxfam	Watipatso Kaliwo	Media and Communications Officer

3.0 Limitations

Just like in many other studies there are unexpected hiccups that come right in the middle of undertaking such studies as these. This study was not spared of limitations. The following were the limitations that were faced during the information needs assessment study.

It was difficult to have balance gender representation of the respondents since most of the groups are female dominated, particularly VSLs. Thus, female respondents are more actively involved than male counterparts.

Most of the financial service providers were not available for interviews at the agreed times. This made it difficult get information within the planned timeframe as the consultants had to reschedule again and again to make sure that the sampled key informants are granted interviews in order to get in-depth information about their services. There were some FSPs such as FDH bank that couldn't avail themselves for the interviews despite several reminders.

Most of the groups found were not formal as CBFOs and ultra-poor graduation program implementers were doing their first activities such as sensitizing communities about the project activities.

4.0 Demographic Information

The information needs assessment that used household questionnaire, targeted 160 respondents. These were sampled from formal and informal community based financial organization. 66% of the sampled household representatives were females while male respondent were at 34%. Majority of the sampled household representatives were young in age with 52% of the respondents within the age range between 18 and 40 years. In terms of education levels attained, majority of the respondents had been to school, with 60% having been through primary education, 24% having attained secondary education, those that have been to tertiary education and those that have undergone adult literacy shared 1% each, while as those that have never been to school were at 14%. In terms of the main economic activities, majority of the respondents indicated that they depend on sale of farm produce for income generation followed by non-farm related businesses and casual labour.

5.0 Information Needs Assessment Results and Findings

The information needs assessment for the knowledge management and communications for the FARMSE program was done in line with the specific objectives of the study. The following are the results of the study (household questionnaire administration, key informant interviews and focus group discussions):

5.1 Analysis of the FARMSE Programme Management Unit's Knowledge Management and Communication techniques and tools

FARMSE Program Management Unit currently uses different communication techniques and tools for effective publicity and sharing of programme achievements. These include:

- **Use of official website**

FARMSE Programme Management Unit uses the official website of the Ministry of Finance Economic Planning and Development to share information on the implementation of financial inclusion and ultra-poor graduation activities. Currently, the programme does not have its own official website. Nonetheless, during the period the survey was being conducted, FARMSE Programme Management Unit was in the process of developing its official website, which is expected to be operational within the next few months.

- **IEC materials**

FARMSE Programme Management Unit has been producing and sharing brochures to share information about FARMSE with the cross section of stakeholders. The study established that there are more opportunities of using information, education and communication materials to orient and educate rural communities on the financial inclusion, financial literacy and ultra-poor graduation.

- **Use of Mass Media**

FARMSE Programme Management Unit has been using both print and electronic media to share information about its preliminary activities being a new programme. Print media institutions used include the Daily Times and Malawi News, the Nation and the Weekend Nation, and online papers such as Nyasa Times, Nation Online, and Daily Times online and Zodiak Online. The programme has been using with the online print media such as Malawi Broadcasting Corporation Radio and television; Zodiak Broadcasting Station radio and television, and Community Radio Stations.

FARMSE has been organizing media workshops to orient the media on the FARMSE programme. to share progress of the program with media houses in order to raise awareness to the general public. FARMSE PMU organises special functions on specific activities of the program for public awareness and sharing updates.

- **Stakeholders Meetings**

FARMSE PMU is yet to start engaging stakeholders' especially at district level to as part of the first implementation activities. However, FARMSE has been able to share reports on the progress of the programme with the Programme Steering Committee and Program Technical Committee.

GAPS IN FARMSE KMC

- FARMSE Programme Management Unit does not have its own official website. However, it was indicated that the website is being developed.
- The program does not have a portal that has information of all the FARMSE implementing partners' activities, reports and updates.
- FARMSE does not have feedback system in place that would enhance interaction among the FARMSE stakeholders including the implementing partners, the PMU, beneficiaries and policy makers.
- FARMSE has only engaged the mass media through media workshops.
- FARMSE has not held any press briefing meetings to share information and sensitize the general public about the programme.

Summary Recommendations to FARMSE KMC

There is need for FARMSE to expedite the process of establishing its official website; develop a portal and establish a robust feedback system; proactively utilize social media for awareness and information sharing; and organize annual functions at district, regional or national levels to showcase progress towards achievement of financial inclusion, literacy and ultra-poor graduation objectives, lessons learned and best practice with regards to financial service provision and ultra-poor graduation initiatives.

5.2 Literature review for access to rural finance and Ultra-Poor Graduation interventions in Malawi

In order to get a profound understanding of issues surrounding financial inclusion in Malawi and ultra-poor graduation initiatives, a literature review was undertaken on number of documents from the programme implementers, policy holders and regulators and other relevant studies as discussed below.

Ultra-Poor Graduation

Ultra-poor is defined as “a group of people who eat below 80% of their energy requirements despite spending at least 80% of income on food”. Ultra-Poor Graduation ideally includes social protection that ensures support for basic income security, consumption support, livelihoods promotion, regular and diverse income streams, asset accumulation, and economic empowerment, linkages to formal employment, technical and business skills training and access to markets, access to formal or informal savings facilities, credit and insurance mechanisms, and financial literacy training; and Social empowerment that builds a confident mind-set and promotes community inclusion and positive behaviour change (World Vision International 2018; BRAC 2015).

Financial Inclusion and Financial Literacy

Financial inclusion describes the “delivery of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups” (Mandiwa, 2014). Governments consider financial inclusion as pivotal to increasing agricultural productivity and production, expansion of micro and small enterprises, employment creation, increase in household income and smooth consumption” (MF Transparency, 2011). Reports on financial access in Malawi reveal that 25% of the population are bank account holders, 55% do not use any financial products and 75% save their wealth in cash and kind (RBM Annual Report 2018; MSME’s FinScope Survey, 2012).

Lack of financial literacy and knowledge is a big stumbling block to the quest for financial inclusion in Malawi. Improving people’s financial literacy can be expected to lead to enhanced personal financial management practices, eventually leading to increased savings, reduced levels of over-indebtedness, reduced poverty levels, enhanced productivity, economic development and financial stability (2014). Lack of infrastructures development in rural areas such as electricity, network, roads, force FSPs to concentrate in urban areas thereby denying rural masses access to financial services. Rural masses lack access to information on financial products and services as most of the FSPs rely on face to face interaction with clients which proves to be expensive and time consuming. Financial services messages are designed and relayed in ways that pulses a challenge to the illiterate rural masses in terms of language and terms used, dissemination channels used, and quite often tend to lean towards serving male clients more than females (Mandiwa, 2014).

The FinScope Survey of 2008 revealed that 20% of the Malawi adult population do not have any formal education and only 56% of the population managed to attain primary education, which is not enough to make one fully financially literate. This high concentration of people in the illiterate bracket contributes to personal hardships and broader economic risks due to lack of basic financial knowledge and skills (Joshi, 2011).

In order to promote rural financial inclusion, the government of Malawi through the Malawi's National Financial Inclusion Strategy (2016-2020) and the Reserve Bank of Malawi strategic plan (2019-2021), is implementing the Rural Community Financial Literacy Program whose overall objective is to promote financial literacy and financial inclusion of people living in the rural areas. The Program's targets community leaders, women, micro, small and medium enterprises (MSMEs) and the youth. Specifically, the program seeks to create awareness and behavioural change among rural communities on effective personal finance management practices including financial planning, saving, investing and entrepreneurship, (RBM 2018).

Gender and Financial Services

There is a significant access gap between men and women (Holloway et al, 2017), as many rural financial programmes have been largely designed, crafted and implemented with the male head of household as the intended client and fail to recognize that women are active, productive and engaged economic agents with their own financial needs and constraints.

To drive the usage of FSP's services, communication strategies need to incorporate a delivery model that are suitable for illiterate and innumerate women in rural areas perhaps making use of the existing groups that women belong to church groups, school groups, farming collectives, handiwork groups, savings groups, etc, and other communication models that can make women retain the information provided to them. (International Finance Corporation 2016)

Accessibility and Distance of Financial Services

It is an indisputable truth that most financial institutions operate and provide their services to the urban population leaving out the rural masses (Demirguc-Kunt and Klapper, 2013). In developing countries world over, distance, as a hindrance affects 20% of the adult population from having formal accounts with banks whereas in Africa alone, distance affects 27% of the adult population. According to Inforresources Focus (2008), a number of financial institutions shun the rural areas due to higher transaction costs associated with transportation and IT infrastructure; higher business risks as well as higher rates of illiteracy. To a less extent, though significantly vital, is the cost of accessing and maintaining the service as provided by the formal institutions. Recently mobile banking has been sought to provide access to finance in spite of any distance challenge to all people with the opportunity to banking services 'especially the rural masses' who have been deprived of banking products and services due to the unavailability of banking services in rural areas. Analysing the rate of adoption to mobile money financial services, Micheni *et al.* (2013) argues that the consideration of financial costs on the part of the population may prevent the masses from choosing a financial service including mobile money. However, due to the prevalence of mobile phones in many regions in Africa, mobile financial services are becoming more accessible and affordable than physical banking services offered by traditional bank branches. These features of mobile financial services offer are offering new opportunities for expanding financial inclusion in a cost-effective manner. In Africa, 33% of the saving population have savings at a formal institution while 67% saves via informal institutions such as mobile money services signifying the prevalence of financial inclusion through informal institutions and approaches.

The role of communication in Ultra Poor Graduation and Financial Services

Throughout data review process, one of the biggest impediments has been lack of information to enable rural communities' access, understand and utilize such information. The role of communication in Ultra Poor Graduation and Financial Services for rural communities cannot be over emphasized. A number of platforms can be instrumental to advance Ultra Poor

Graduation and Financial Services information dissemination in order to increase information uptake and adoption. There is therefore need to consider information pathways that would help rural communities to access and utilize financial services and ultra-poor graduation initiatives, hence, actualize financial inclusion.

GAPS identified in literature review

- Financial literacy design and utilization messages are inclined more to higher levels of education than primary education which is considered not enough for to make one fully financial literate.
- There is less engagement of the media beyond special functions to disseminate information about ultra-poor graduation and financial services.
- There is lack of harmonization of the messages among stakeholders involved in ultra-poor graduation activities such as food security, confidence building, income generation activities and savings.
- Most of the products to do with financial services and financial literacy message designing and dissemination strategies tend to favor male than female clientele.
- Most of the institutions involved in financial services and ultra poor graduation activities rely heavily on face to face interaction with clientele, which pulses a challenge where more rural community masses have to be reached with information on the services.
- Although there is proliferation of financial service providers engaging in financial services, financial literacy, and ultra poor graduation efforts, there still lack of information among most of the rural community masses to help them make informed decisions on financial service utilization and ultra-poor graduation strides.
- Lack of such infrastructure development as electricity, mobile phone networks in the rural areas hampers financial institutions and other relevant service providers from rendering their financial services to communities in those remote rural areas.
- Most of the financial service providers are not easily understood by rural masses because of language issues as most of them their communication is dominated by English terms a with not proper translation into a language an illiterate person can understand.
- Although financial service providers and ultra-poor graduation implementing organizations are beginning to use mass media platforms, Most of them especially those into mobile applications and Short messages (SMS) advisory, their applications are text based which makes it difficult for the illiterate. Others use radio programs. However, the radio programs, are not continuous but function based., television and videos are also sparingly used and limited to special events or functions.

Summary Recommendations

Financial Service Providers and those implementing ultra-poor graduation should make sure that they design and structure messages for their products and services in forms and formats, using languages and terms that could be easily understood by the rural masses, whose literacy capabilities are low, while accommodating female clientele. There is need for harmonization of messages especially on ultra-poor graduation components to avoid information asymmetry to the rural communities. With the proliferation of the use of ICTs in in both urban and rural areas in Malawi, FSPs and Ultra-poor graduation implementing organizations should consider using such ICTs to ensure expanded reach of the target groups.

5.3 Key perceptions and attitudes among rural people regarding access to rural finance products and services

Figure 1 shows that 77% of the respondents are aware of the financial services, while 23% are not. The specific services that the respondents are aware of include: types of bank accounts and how to open them, types of loans and accessibility, types of money transfers, and types of insurance services.

Figure 1: Percentage of the awareness about financial services and types of services aware of

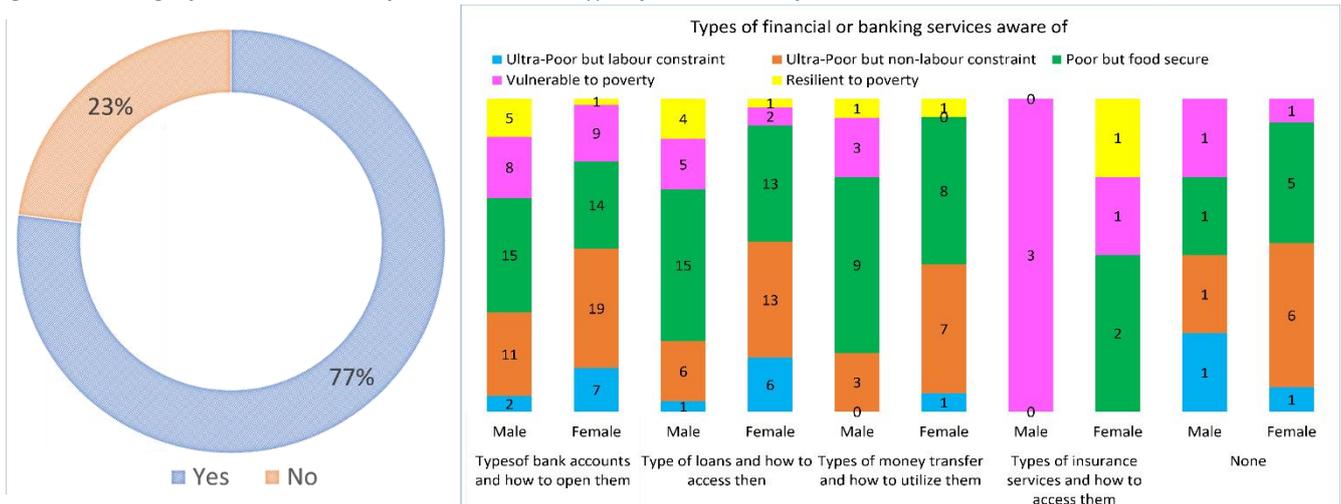
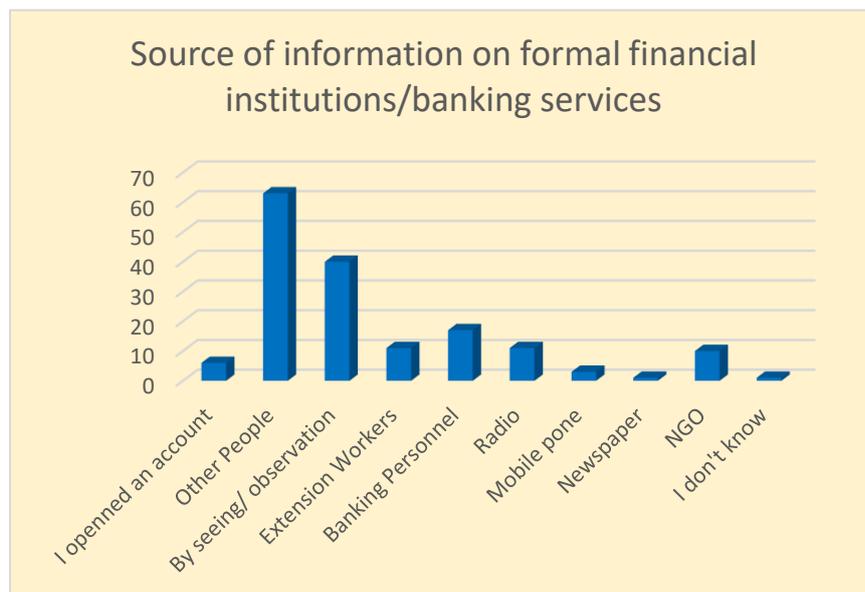


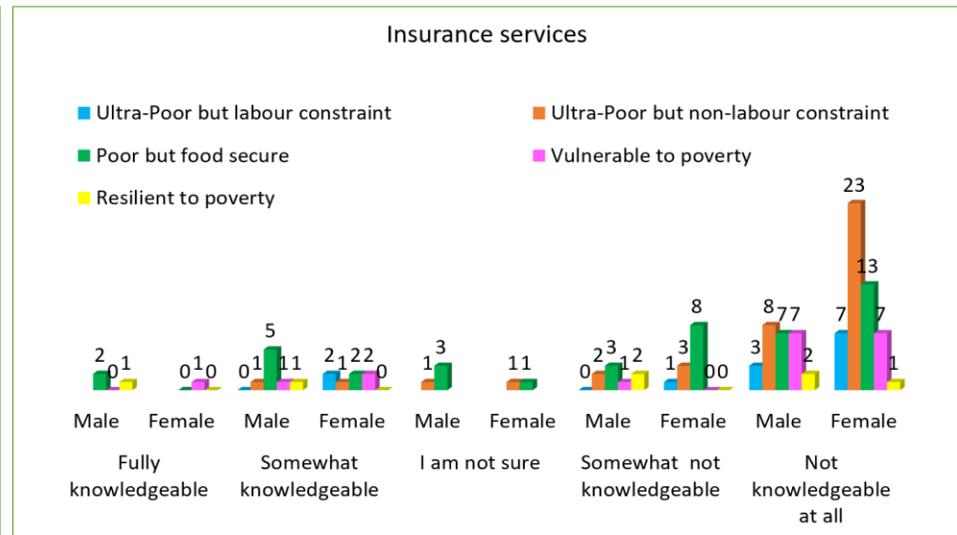
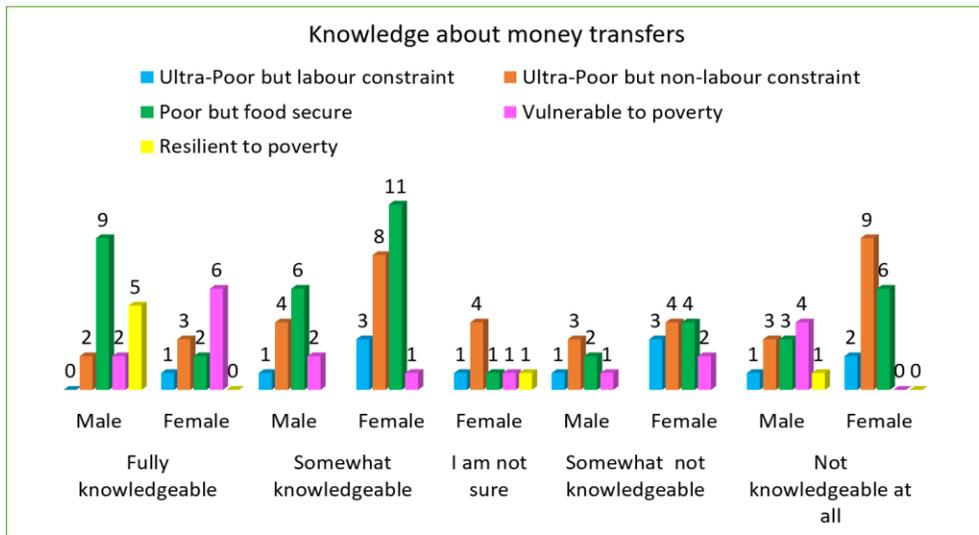
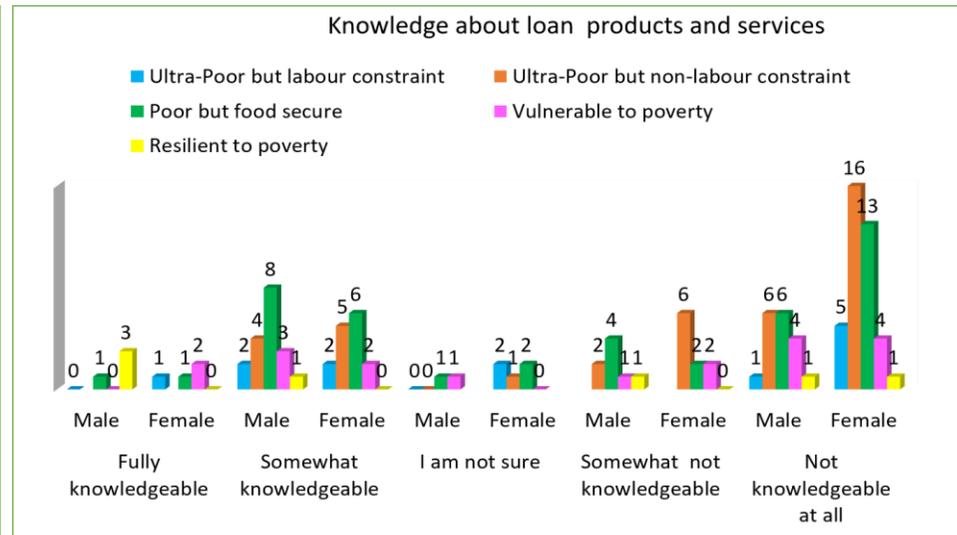
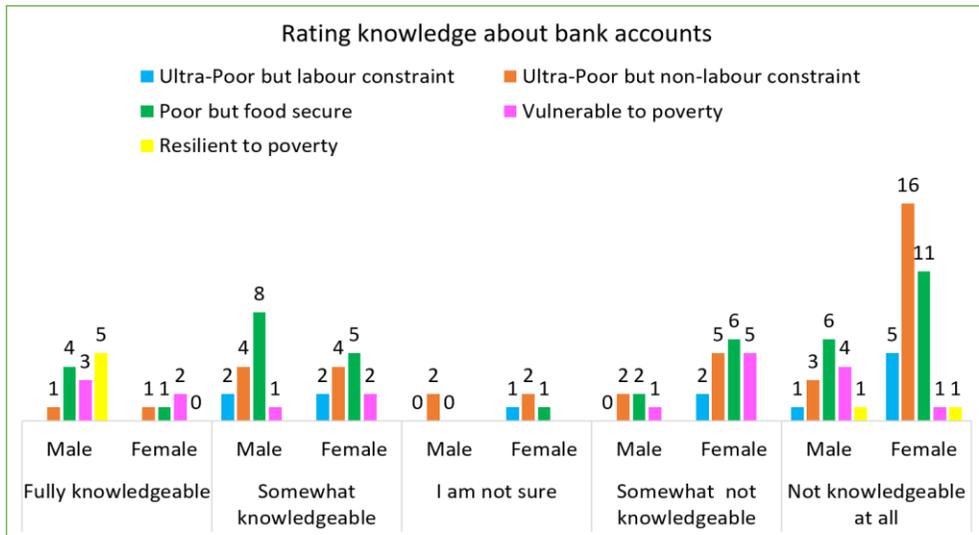
Figure 2 shows that the main sources of the information about financial services are: ‘other community members’ followed by ‘peoples’ own observations’ (where they physically saw the financial service providers’ offices within and outside their localities); banking personnel or agents, radio, extension worker’s and NGOs. This would mean that most rural areas access information on financial services through sources that are within their reach without difficulties but at the same time without expert knowledge about financial services, which in turn, leads to lack of in-depth knowledge about financial services and subsequently, less usage of such services among the rural people.

Figure 2: Source of information about financial services



“It is clear that most of the rural people get information on financial services from sources that have very limited or no knowledge about details of financial products and services”

Figure 3: Knowledge about financial services



Furthermore, based on figure 3, there are significant difference across the economic strata and gender on knowledge about various financial services as outlined below:

Under the **ultra-poor but labour constraint**, out of 10 females who responded to the question about their level of knowledge on types of bank accounts and details on how to open and use them, 2 had somewhat knowledge, 1 was not sure while 7 female respondents had no knowledge of the details of bank accounts. On the other hand, out of 3 male respondents, 2 were somewhat knowledgeable while 1 had no knowledge about these services. On knowledge about loan services, 3 females were knowledgeable, 2 were not sure, while 5 female respondents were not knowledgeable; while 2 male respondents were knowledgeable and 1 had no knowledge about the loan services. On money transfer knowledge, 4 out of 10 female respondents were knowledgeable, 1 was not sure, while 5 were not knowledgeable. on the other hand, 1 male was somewhat knowledgeable, 1 was not sure, while 1 had no knowledge about the money transfer services. According to the focus group discussions much of knowledge on money transfers was basically to do with airtel money, TNM Mpamba and on a small scale Zoono services. On knowledge on insurance services, 2 out 10 female respondents were knowledgeable, and 8 were not knowledgeable, while 2 of the male counterparts were knowledgeable while 1 was not.

Under the **ultra-poor but non-labour constraint**, out of 28 females who responded to the question about their level of knowledge on types of bank accounts and details on how to open and use them, 5 had knowledge, 2 were not sure while 21 female respondents had no knowledge of the details of bank accounts. On the other hand, out of 12 male respondents, 5 were knowledgeable, 2 were not sure, while 5 had no knowledge about these services. On knowledge about loan services, 5 females were knowledgeable, 1 was not sure while 22 female respondents were not knowledgeable; while as 4 men out of 13 were knowledgeable, 1 was not sure and 8 had no knowledge about the loan services. On money transfer knowledge, 11 out of 28 female respondents were knowledgeable, 4 were not sure, while 13 were not knowledgeable. 6 out of 12 male respondents were knowledgeable, while 6 had no knowledge about the money transfer services. Like in the previous economic strata, Airtel money, TNM Mpamba and Zoono services were the commonly known money transfer services. On knowledge on insurance services, 1 out 28 female respondents were knowledgeable 1 was not sure and 26 were not knowledgeable of the insurance services. On the other hand, 1 of the 12 male respondents were knowledgeable, 1 was not sure and 10 were not knowledgeable of the insurance service.

Under the **poor but food secure**, out of 24 females who responded to the question about their level of knowledge on types of bank accounts and details on how to open and use them, 6 had knowledge, 1 was not sure and 17 female respondents had no knowledge about details of bank accounts related services. On the other hand, out of 20 male respondents, 12 were knowledgeable, and 8 had no knowledge about the services. On knowledge about loan services, 7 out of 24 females were knowledgeable, 2 were not sure and 15 female respondents were not knowledgeable; while as 9 out of 20 male respondents were knowledgeable, 1 was not sure and 10 were not knowledgeable about the loan services. On money transfer knowledge, 13 out of 24 female respondents were knowledgeable, 1 was not sure, while 10 female respondents were not knowledgeable. 15 out of 20 male respondents while 5 had no knowledge about the money transfer services. Like in the previous economic strata, Airtel money, TNM Mpamba and Zoono services were the commonly known money transfer services. On knowledge of insurance services, 2 out 24 female respondents were knowledgeable, 1 was not sure and 21 were not knowledgeable of the insurance services. On the other hand, 7 of the 20 male respondents were knowledgeable, 3 were not sure and 10 were not knowledgeable of the insurance service.

Under the **Vulnerable to poverty**, out of 10 females who responded to the question about their level of knowledge on types of bank accounts and details on how to open and use them,

4 had knowledge, and 6 had no knowledge about details of bank accounts related services. On the other hand, out of 9 male respondents, 4 were knowledgeable and 5 were not knowledgeable about the bank accounts services. On loan services, 4 out of 10 females were knowledgeable and 6 were not knowledgeable; while as 3 out of 9 male respondents were knowledgeable, 1 was not sure and 5 were not knowledgeable about the loan services. On money transfer knowledge, 7 out of 10 females who responded to the question on money transfer were knowledgeable, 1 was not sure, while 2 female respondents were not knowledgeable. On the other hand, 4 out of 9 male respondents who responded to the question on money transfer, were knowledgeable, while 5 had no knowledge about the money transfer services. Like in the previous economic strata, Airtel money, TNM Mpamba and Zoonza services were the commonly known money transfer services. On knowledge about insurance services, 3 out of 10 female respondents were knowledgeable and 7 were not knowledgeable of the insurance services. On the other hand, 1 of the 9 male respondents was knowledgeable, while 8 were not knowledgeable about the insurance services.

Under the **Resilient to poverty**, there was only one female who responded to the question about her level of knowledge on types of bank accounts and details on how to open and use them, and she had no knowledge about the services. On the other hand, out of 6 male respondents, 5 were knowledgeable and 1 was not knowledgeable about the bank accounts services. On loan services, the only one respondent to this loan question was not knowledgeable of the services; while 4 out of 6 male respondents were knowledgeable, 1 was not sure and 1 was not knowledgeable about the loan services. On money transfer knowledge, the only female respondent was not sure about it, while 5 of the 6 male respondents were knowledgeable, and 1 was not sure about his knowledge on money transfer services. Like in the previous economic strata, Airtel money, TNM Mpamba and Zoonza services dominated on money transfer services known by rural people. On knowledge about insurance services, the only female respondent was not knowledgeable while as 2 of the 6 male respondents indicated to have knowledge about details of insurance services and 4 were not knowledgeable about insurance services.

This study shows that rural communities' or rural peoples' knowledge about financial services is very low. The focus group discussions results revealed that most of the respondents have surface knowledge about financial services, despite having indicative high numbers of those that reported to be aware of such services. Lack of in-depth knowledge about specific financial services offered by various FSPs could be attributed to the

Figure 4: Summary of knowledge and utilization of financial services



fact that the main sources of financial service information to the majority of the respondents were fellow community members and personal observation, without expert knowledge on the subject matter.

Furthermore, the FGDs also revealed that most of the rural people think that financial services that are being offered by financial service providers are not meant for the rural poor, rather for the urban dwellers since by geographical and physical presence of these services are concentrated in towns and cities and not in rural areas.

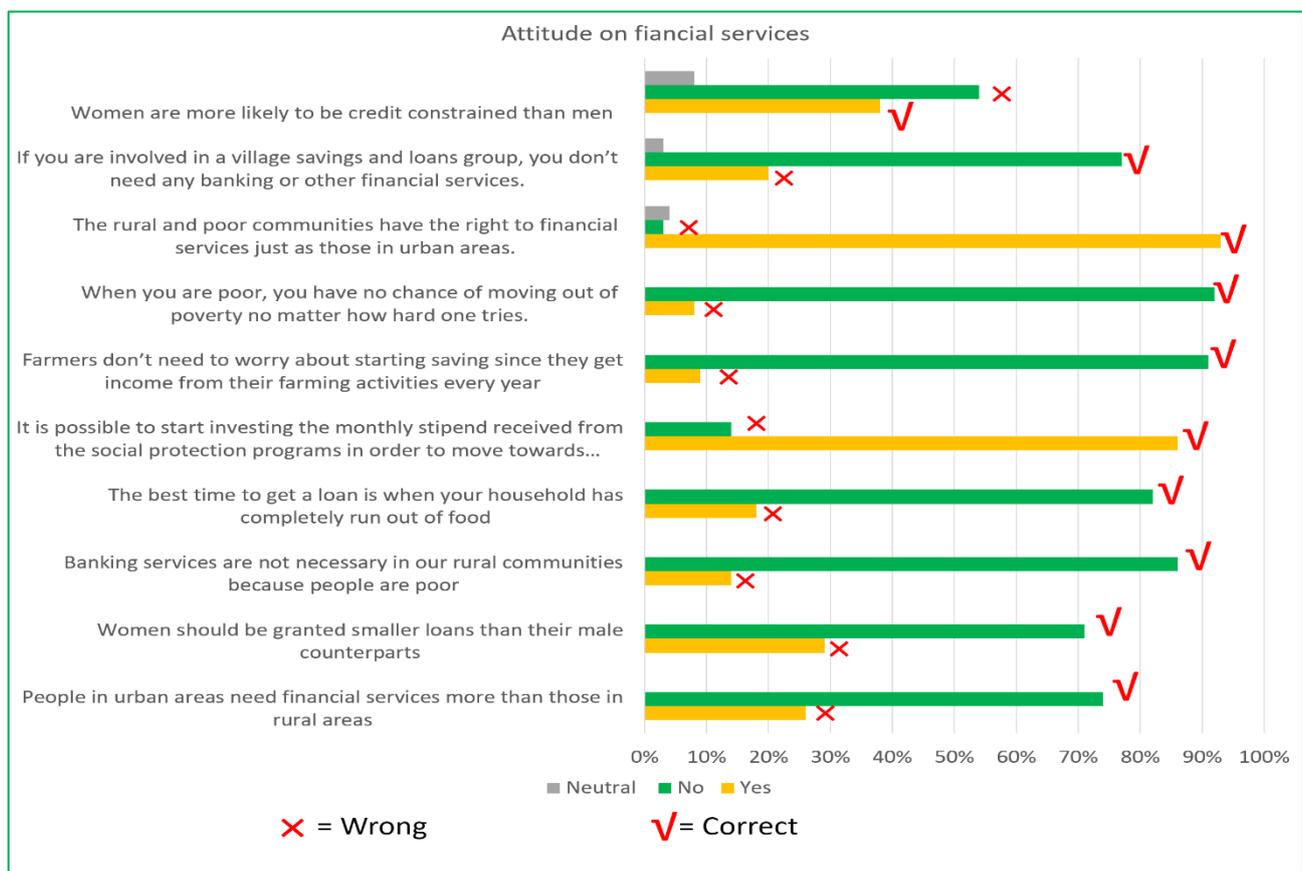
In terms of gender desegregation, crosstabulation of the results shows that there a significant difference between male and female respondents level of knowledge about financial services across the economic strata. There were very few female respondents who were knowledgeable of financial services compared to their male counterparts.

'Rural people think that the current financial services are meant for the urban dwellers as the services are not available in their areas and little is told about the details of the services, how they can be accessed and utilized by rural people'.

Analysis of the score on quiz that was administered during the household questionnaire administration, shows that there is quite a positive attitude towards financial services as majority of the respondents across the economic strata were positive that financial services should be available to rural areas just as they are in urban areas; that saving is important to everyone even farmers who depend on annual returns through farming; that it is possible to move out of poverty and that when one is involved in village savings and loans; they should also open an account with a formal banking institution as a group or individual.

The change of attitude creates a conducive environment and an enormous opportunity for provision of detailed information about formal banking products and services that will in return create a demand for formal financial services and products in rural communities as they understand that they have right to financial services.

Figure 5: Scores on attitude testing quiz



5.4 Perceptions of Financial Service Providers towards rural clients' use of financial services

Through the discussions with the various financial service providers these observations have been made:

None of the current services including bank accounts such as savings accounts, current accounts and many other types of accounts are suitable for the rural people because they cannot afford or do not have the capacity to access and make use of such services.

“Most rural people cannot access and use the current financial products and services”

Most of the rural people do not qualify for most of the common loan facilities due to lack of steady cashflow, lack of viable assets that can be used as collateral and that the main source of income for most of rural people is farming which is unpredictable due to climate change shocks.

Most rural people do not qualify for most of the loan facilities

FSPs are of the view that rural communities are slowly understanding the importance of financial services

The introduction of financial products and services that are deemed relevant to the needs of, and pro-rural people by banking and financial service providers, comes with an anticipation that rural people will access and use the services.

There is a progressive positive change of attitude among rural people towards financial and its related services.

There is a strong belief among financial service providers that if rural people are given financial services that suit their needs, are easily accessible and with conditions not burdensome and relevant to the rural people there will be high demand for such service.

In trying to make the financial services more accessible to rural communities, the sampled FSPs also indicated that they have come up with products and services tailor made to meet the needs of rural communities. Here are samples of the products and services made for rural people:

FSPs believe that they could have positive attitude from the rural people if only there are tailor made financial services that are relevant to their needs, easily accessible and non-tasking.

NBS is providing tailor made financial services for rural communities including Mzati targeting village savings and loans, Easy Alimi targeting tobacco farmers, Chipereganyu where rural community members in groups such as VSLs contribute to an account with NBS and the bank gives them a loan. They also provide Banki Pafupi and mobile banking services targeting rural masses. NBS has 322 USSD based money transfers and bill paying application, which is being used by rural people who have red cards.

FINCOOP Is providing group loans for VSLs, rural people and farmer groups cooperatives, green loans (solar lamps), SME loans, Kangachepe life insurance targeting CBFOs and weather index insurance. FINCOOP also is holding awareness meetings on weekly basis using its agents across the regions in order to sensitize communities on financial services such as opening bank accounts, financial planning, saving, investing, weather index insurance and entrepreneurship; and tailor made loans such as individual business loans, group loans and green loans-solar lamps.

5.5 Assessment of the current implementation status of financial literacy strategy and establish gaps

The Reserve Bank of Malawi is implementing the Rural Community Financial Literacy Program to promote financial literacy and financial inclusion of rural people. This is being done in collaboration with the Ministry of Local Government & Rural Development (MoLGRD), financial institutions such as banks, microfinance institutions and Savings and Credit Cooperatives; and is in line with its 2019-2021 Strategic Priorities and the Malawi National Financial Inclusion Strategy of 2016-2020. The program targets community leaders, women, micro, small and medium enterprises (MSMEs) and the youth. The financial literacy education intends to 1) create awareness and behavioural change among the rural communities on effective personal finance management practices such as financial planning, saving, investing and entrepreneurship; 2) to create awareness, perception and behavioural change among rural communities on the benefits of using licensed/registered financial services providers and the financial services and products they offer including savings accounts, micro loans and digital financial services; 3) to promote usage of formal financial services and products; 4) to economically empower people living in rural areas.

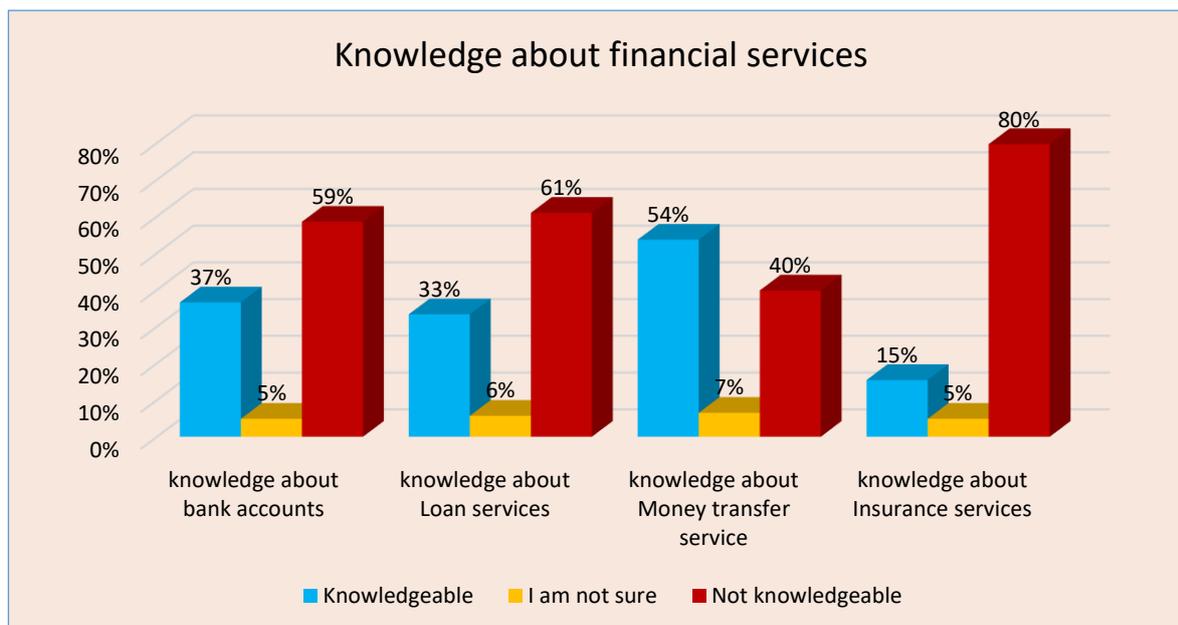
This study has revealed financial literacy education activities are increasing although at a slow pace. The Reserve Bank of Malawi has been implementing the financial literacy strategy by delivering literacy education through schools, targeting teachers and students; through strategic partnerships and having financial literacy week and workplace programs, mass media; and local and religious leaders among others. To this effect RBM has conducted financial literacy awareness and capacity building workshops for community leaders in 20 districts on effective personal finance management planning, saving, investing and re-investing; the benefits of using formal financial services and products such as savings accounts, credit management and benefits of borrowing from licensed/registered lending institutions as opposed to borrowing from loan sharks; use of digital financial services to mitigate the problem of long distance and travel costs to available financial institutions. RBM has since established Financial Literacy Committees in 20 of the 28 districts in Malawi.

The Financial Service providers have been participating in financial literacy week to educate masses about financial services and other relevant things. This study has also established that the FSPs conduct financial literacy education activities. These are targeted activities where masses are sensitized on different products and services of particular banks, microfinance, and other financial institutions, embedded with financial literacy outreach.

For the rural masses especially those that are in organized groups, such as Village Savings and Loans, cooperatives, associations, they benefit a great deal from the Community Based Financial Organization Support Institutions. All the CBFOs support institutions interviewed during this study indicated that they organize face to face trainings on personal finance management, savings, investments, loan or credit management for all the community based financial organizations both formal and informal in order to improve their knowledge on financial and other related issues.

The study also involved both formal and non-formal Community Based Financial Organizations including all categories of financial statuses to establish their level of knowledge on the subject matter.

Figure 6: Knowledge about financial services



According to the above figure 6, the results of the assessment on level of knowledge on financial issues show that very few people are knowledgeable about bank accounts as indicated by 37%, while 59% are not knowledgeable and 5% are not sure. The focus group discussions revealed that most of those that are knowledgeable about bank accounts, their knowledge is basically on the types of the accounts (with savings being the most known), but there is lack of knowledge of the details of what each type of account entails.

On loan services, only 33% are knowledgeable while 61% are not knowledgeable and 5% are not sure. The focus group discussions revealed that majority of those that know about the loan services, have little knowledge about details of the loan products and loan management.

On knowledge about money transfer services, 54% are knowledgeable and 40% are not, while 7% are not sure. The focus group discussions revealed that most of those that indicated to be knowledgeable are more aware of the such services as TNM Mpamba, Airtel Money and Zoon, while very few know about money transfer through the formal banking services.

On insurance services are the least known by the respondents as only 15% indicated to have knowledge about it, 80% having no knowledge at all, while as 5% are not sure. Focus group discussions revealed that the few people that know about insurance, have very little knowledge of the specific insurance products and how they can be accessed.

The study also revealed that the current sources of information on formal financial institutions or banking services, with other people/community members and observations or seeing dominating as the main sources of information, followed by bank officials, extension workers, radio and NGOs as sources

GAPS in the current implementation of financial literacy strategy

- ◇ Most of the FSPs especially banks engage those that are interested in using their products and services and not the general public hence, there are few financial literacy outreach activities except for those tied to specific services such as mobile banking or other periodic functions related to their products and services.
- ◇ For most FSPs and CBFOs, mode of financial literacy education delivery relies on face to face interaction with the target groups. However, all the FSPs, the CBFOs and the Reserve Bank of Malawi acknowledge that this method of financial literacy education delivery is extremely expensive and unsustainable and that the institutions have no enough human resource to meet the demand. This method only reaches out to a fraction of the target groups.
- ◇ Most of the CBFO members and rural communities lack detailed information about banking services such as bank accounts, savings, loan facilities, money transfers and insurance services.
- ◇ Most of the current sources of information (other community members) through which rural masses are receiving information on financial literacy, lack knowledge and detailed information to share in an informative way beyond mere announcements.
- ◇ All the FSPs use information pathways and techniques that favour the literate and not the illiterate as most of the products and services incline towards English language, methods of message dissemination are not tailor made for the rural illiterate for instance some information is printed with a lot of text on posters, brochures and some is relayed through mobile phone applications that are text based and literate friendly.

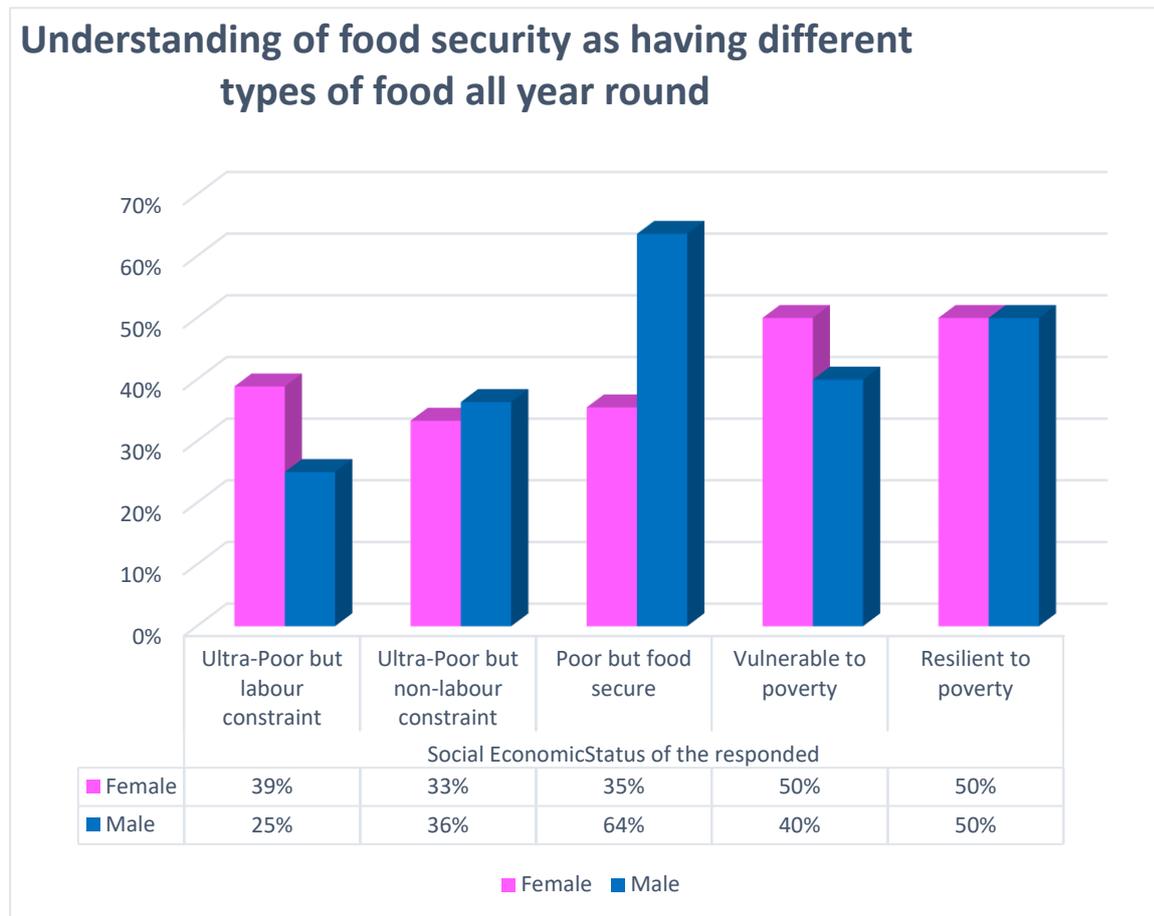
Summary Recommendations

FSPs should start engaging in demand creation activities for financial services and products among the rural communities by helping them to understand what financial services and products are available to suit their needs. Reserve Bank of Malawi, FSPs and CBFO support institutions should adopt other methods of financial literacy education delivery such as ICTs besides face to face interaction with the target groups for cost effectiveness, expanded reach and instance messaging, while at the same time ensuring that the information pathways and techniques being used can be accessed, understood and utilized by both the literate and the illiterate. Players in the financial services provision should take deliberate actions to orient and train rural communities including members, opinion leaders, traditional leaders to ensure knowledge about financial services is rightly and correctly shared.

5.6 Assessment of the information requirements and effective communication channels for Ultra-Poor Graduation beneficiaries

Ultra-poor graduation requires movement from poverty to food sufficiency, savings, asset accumulation, income generating activities among others.

Figure 7: Understanding of food security



Generally understanding of what food security means varied among respondents. Figure 7 shows that most of the respondents in the ultra-poor but labour constraint and ultra-poor non labour constraint, do not understand what it means to be food secure, unlike respondents in the other social economic strata. Crosstabulation shows a significant difference between male and female respondents in the understanding of what food security means, with females dominating in the ultra-poor but labour constraint, vulnerable to poverty and resilient to poverty. On the other hand, the male counter parts dominated in the ultra-poor but non labour constraint and poor but food secure categories.

There is need to civic educate rural communities on what food security entails as many still attach food security to maize availability only.

Figure 8: Receiving information on food security

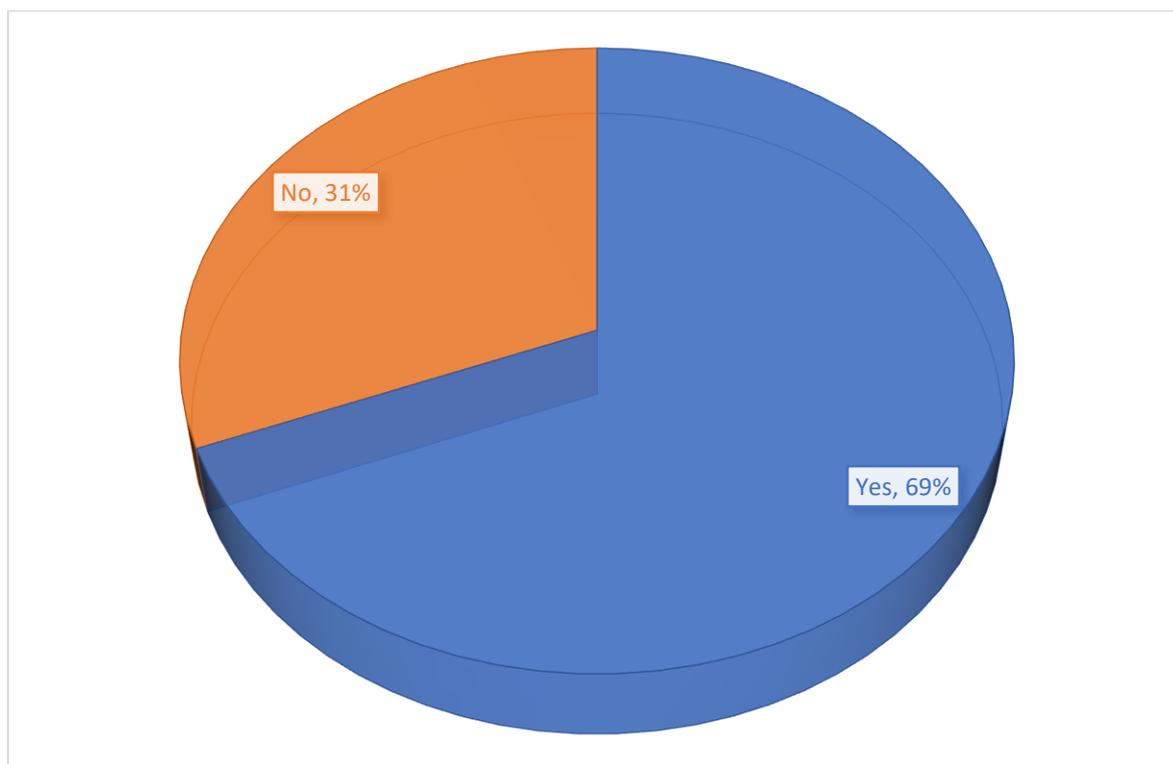


Figure 8 shows that 69% of the respondents indicated to have received information about food security, while 31% did not. In terms of receiving information across the social economic strata, the ultra-poor but labour constraint and ultra-poor but non labour constraint had slightly higher numbers of people that did not receive information about food security as well as the resilient to poverty. Figure 7 shows that there were more female respondents who did not receive information about food security in the ultra-poor but labour and non-labour constraint and poor but food secure. While females dominated access to information in the vulnerable to poverty and resilient to poverty categories.

Figure 9: Receiving information on food security

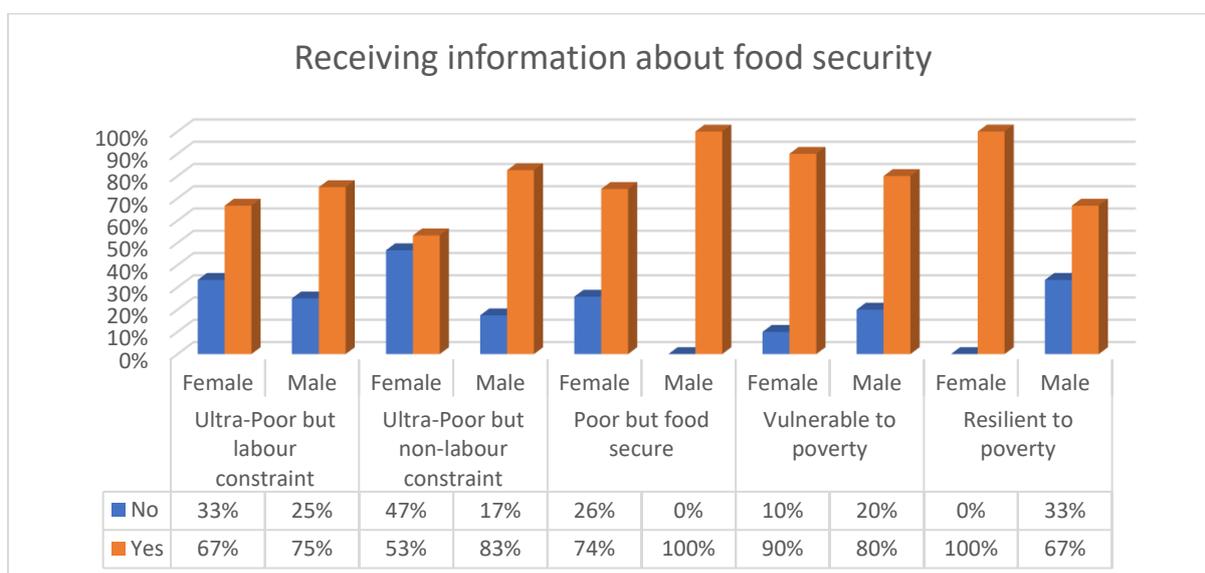
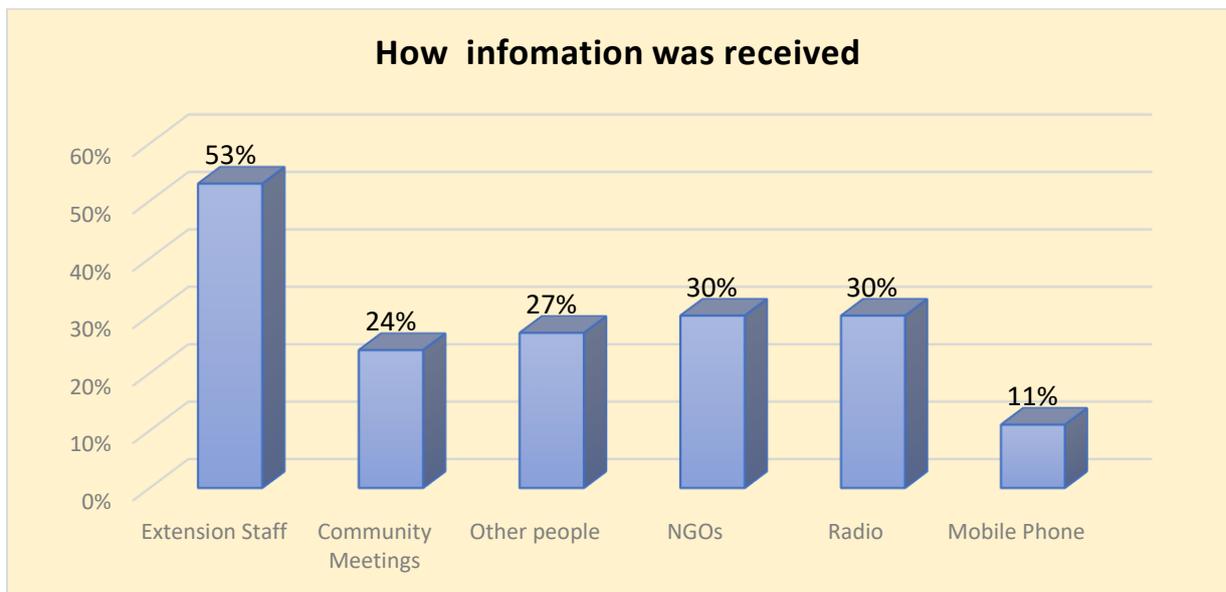


Figure 10 shows that majority of the respondents received food security information through extension staff as indicated by 53%, followed by radio and NGOs at 30% each, other people and community meetings at below 30%. The focus group discussions revealed that failure to receive information by other respondents was due to the inadequacy of human resource to meet the demand for information by rural communities since there are few extension workers compared to the number of households they are supposed to serve. most of those that are in ultra-poor but labour constraint and ultra-poor but non labour constraint do not belong to groups yet most of the extension workers prefer working with those that are in groups for easy dissemination of information.

Figure 10: Sources of information on food security



Preferred channels of communication for food security information

Figure 11: Preferred channels of food security message dissemination

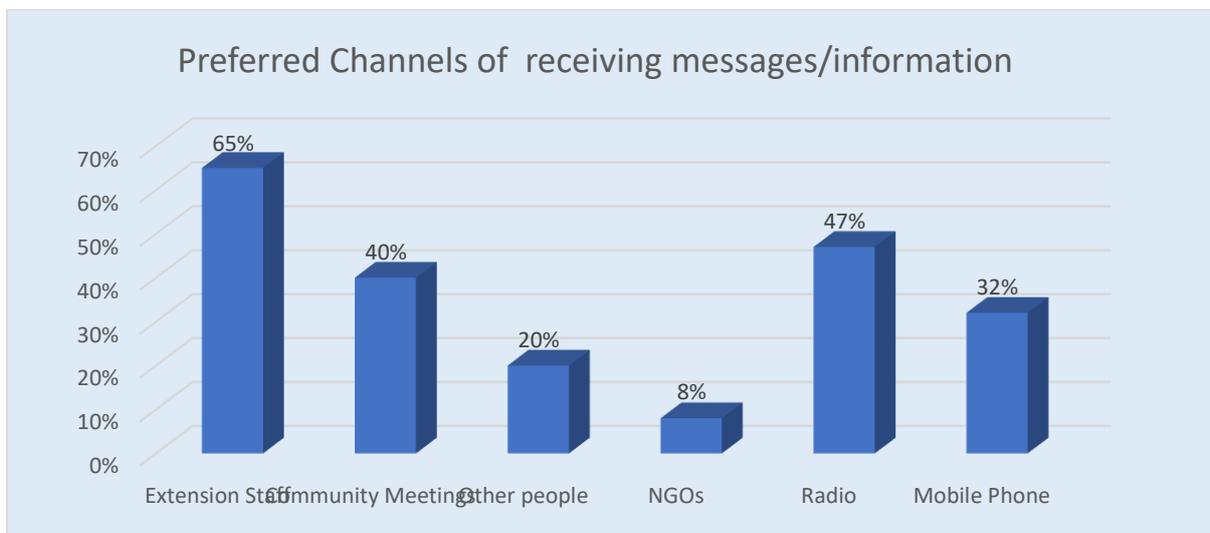
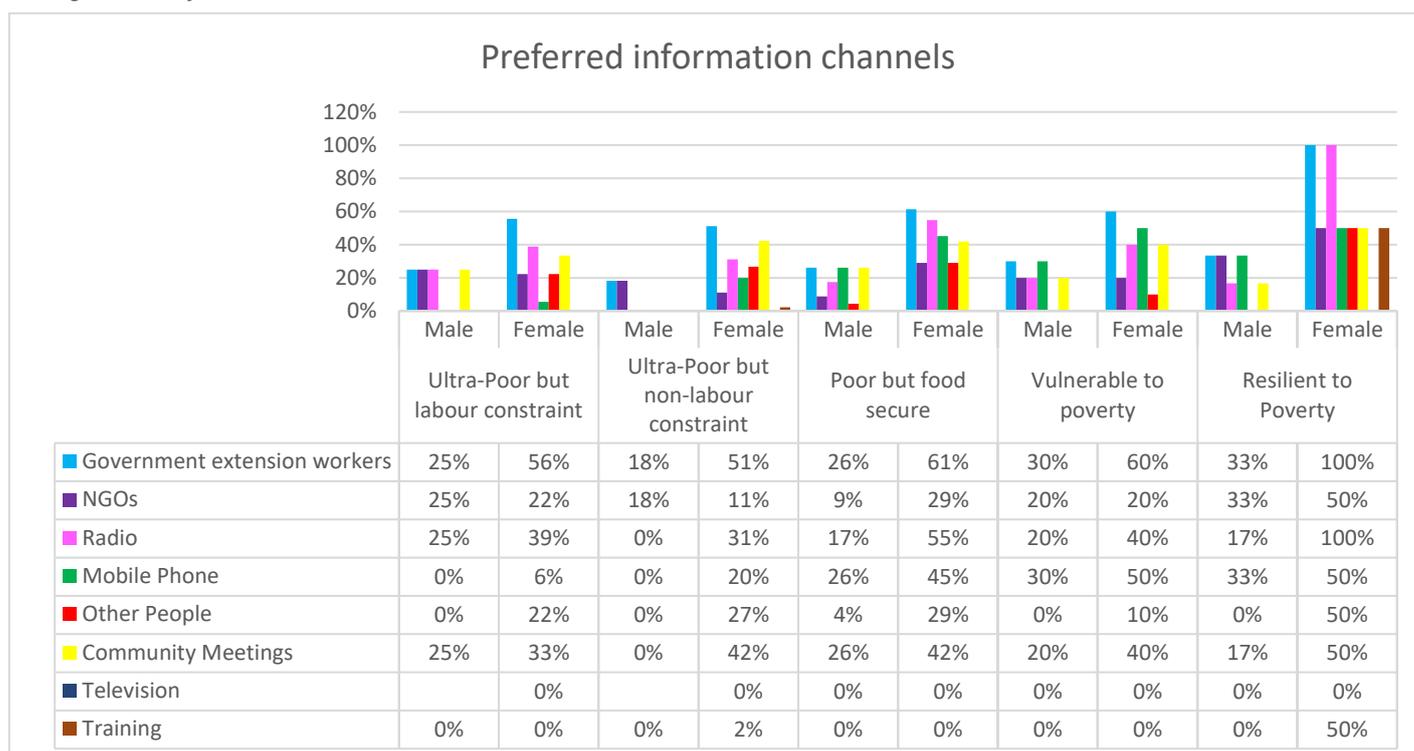


Figure 11 shows that majority of the respondents identified the extension staff as the most preferred channel of receiving food security information (65%), radio was the second most preferred choice of receiving information or messages with 47% opting for it followed by community meetings at 40%. mobile phone is also a preferred choice of receiving messages as indicated by 32% of the respondents. Community meetings and peer information sharing were also named as preferred sources of information as indicated by 40% and 20% of the respondents respectively. The focus group discussions revealed that preference of the extension worker is valuable because of its face to face interaction and demonstrative ability but not necessarily consistent interaction. Radio was preferred due to its easy accessibility by most of the respondents. The FGDs also indicated that most individuals own or have access to mobile phones and therefore information can also be transmitted through them. It was also noted that most of those who own mobile phones use it to listen to radio programs.

The proliferation mobile phones among the rural masses expands opportunities for the rural people to access ultra-poor graduation information.

Figure 11: Preferred communication channels



The cross tabulation of the results as shown in figure 12 indicates no significant changes as compared to results on the previous figure on preferred channel. Across the economic strata, extension workers are the most preferred channel for communication followed by radio, mobile phones, community meetings and other people. On preference by sex, female respondents across the economic strata, dominated in all the choices of the preferred channels. This means that females prefer a wide range of channels with which to receive information as compared to their male counterparts.

Reaching out to more rural people with the ultra-poor graduation information will require use of a wide range of communication channels such as extension workers, Radio, Mobile phone, community meetings,

The study also looked at another aspect of Ultra poor graduation, which is confidence building of which Asset grants, Income generation activities, savings are part of. The analysis begins with asset grants.

Awareness of asset grants

Figure 13 shows that majority of the respondents were aware of asset grants, with 96% indicating to be aware of asset grants, while 4% of the respondents indicated not to be aware of the asset grants.

Figure 12: Awareness about Asset grants

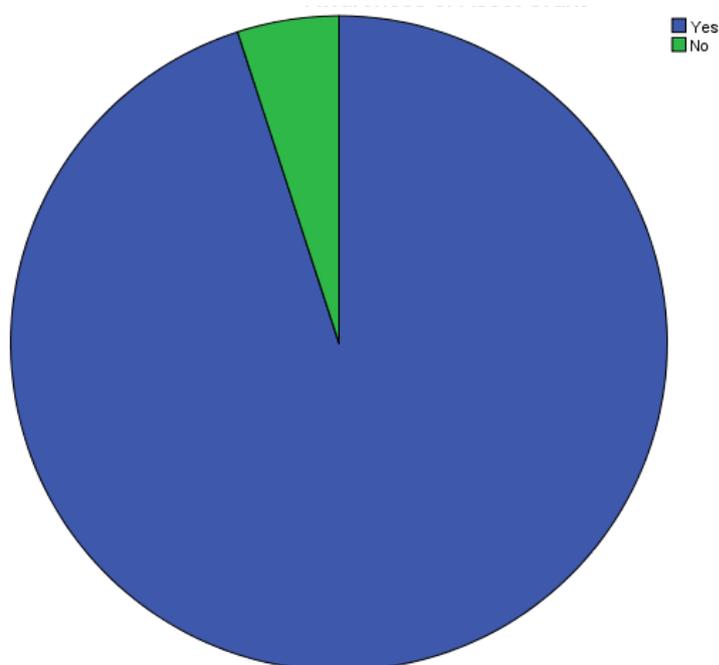


Figure 14 shows that across the social economic strata groups, the information about asset grants was mostly received through other community members followed by extension workers and NGOs. Radio and community meetings accounted for a very small percentage of provision of information on asset grants. Furthermore, the strata that received most of the information were the ultra-poor but non labour constraint followed by the poor but food secure vulnerable to poverty. The ultra-poor but labour constraint and those resilient to poverty were the least in receiving information about asset grants.

Figure 13: Sources of information on Asset grants

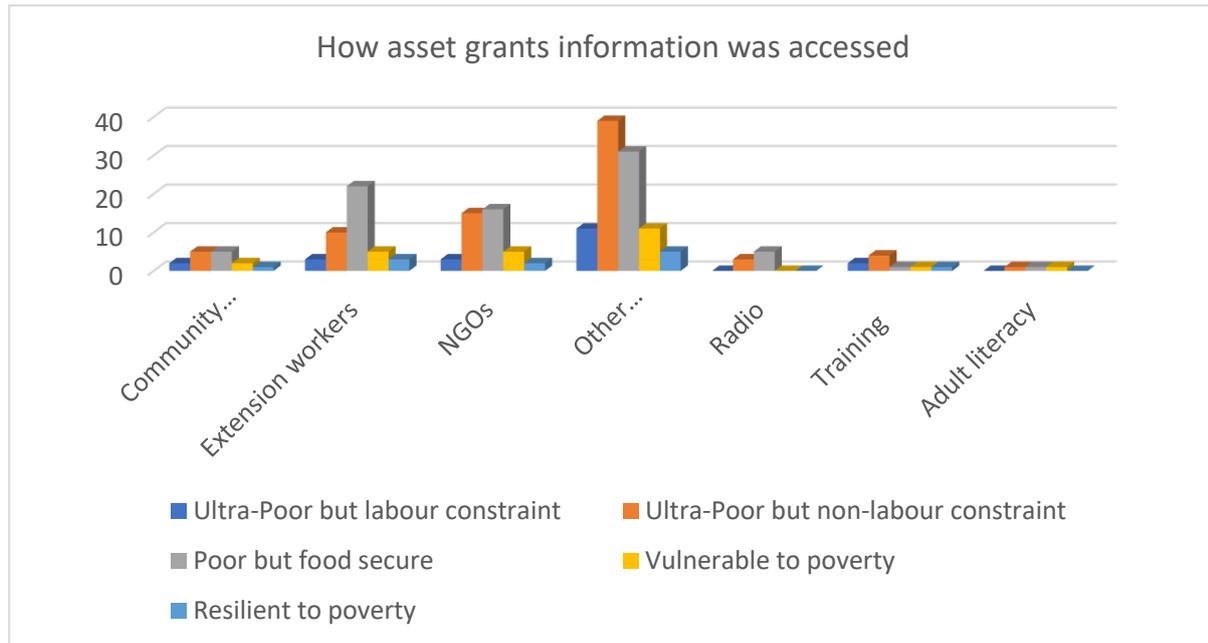
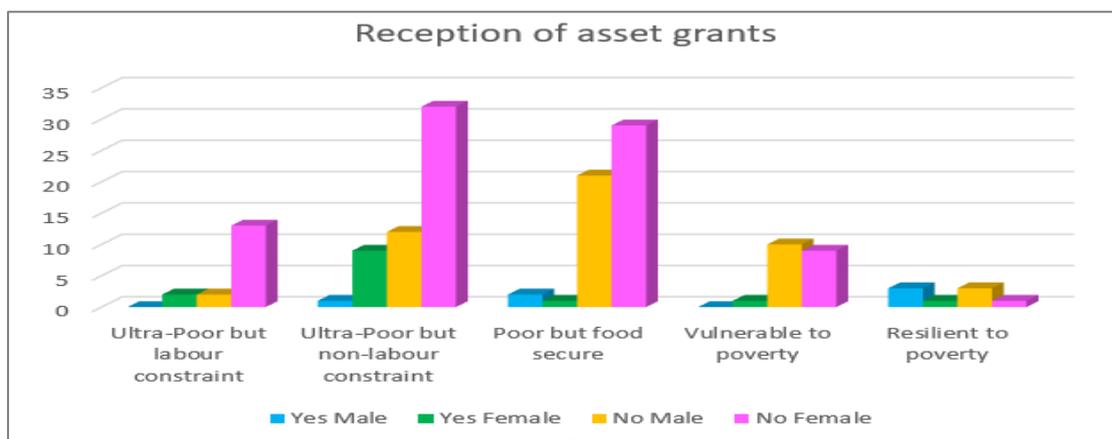


Figure 15 shows that the majority of the ultra-poor but non labour constraint received the asset grants followed the ultra-poor but labour constraint, poor but food secure and resilient to poverty. On the other hand, reception of asset grants, based sex, female respondents dominated across the social economic strata except those under poor but food secure and resilient to poverty, which were dominated by male respondents. The focus group discussions revealed that although majority of those that receive asset grants were in the categories of ultra-poor but labour and non-labour constraint, respondents from the other economic strata groups also received asset grants mainly pass on under different projects.

Figure 14: Receiving asset grants by sex



Preferred messages on asset grants

The study also sought to establish respondents' preferred messages on asset grants. The respondents indicated the following as their preferred messages they would want to be receiving: What asset grants is all about, types of assets, asset management, how to build and create productive assets, how to safeguard household productive assets and how to improve asset base.

Figure 156: Preferred communication channels for assets grants information

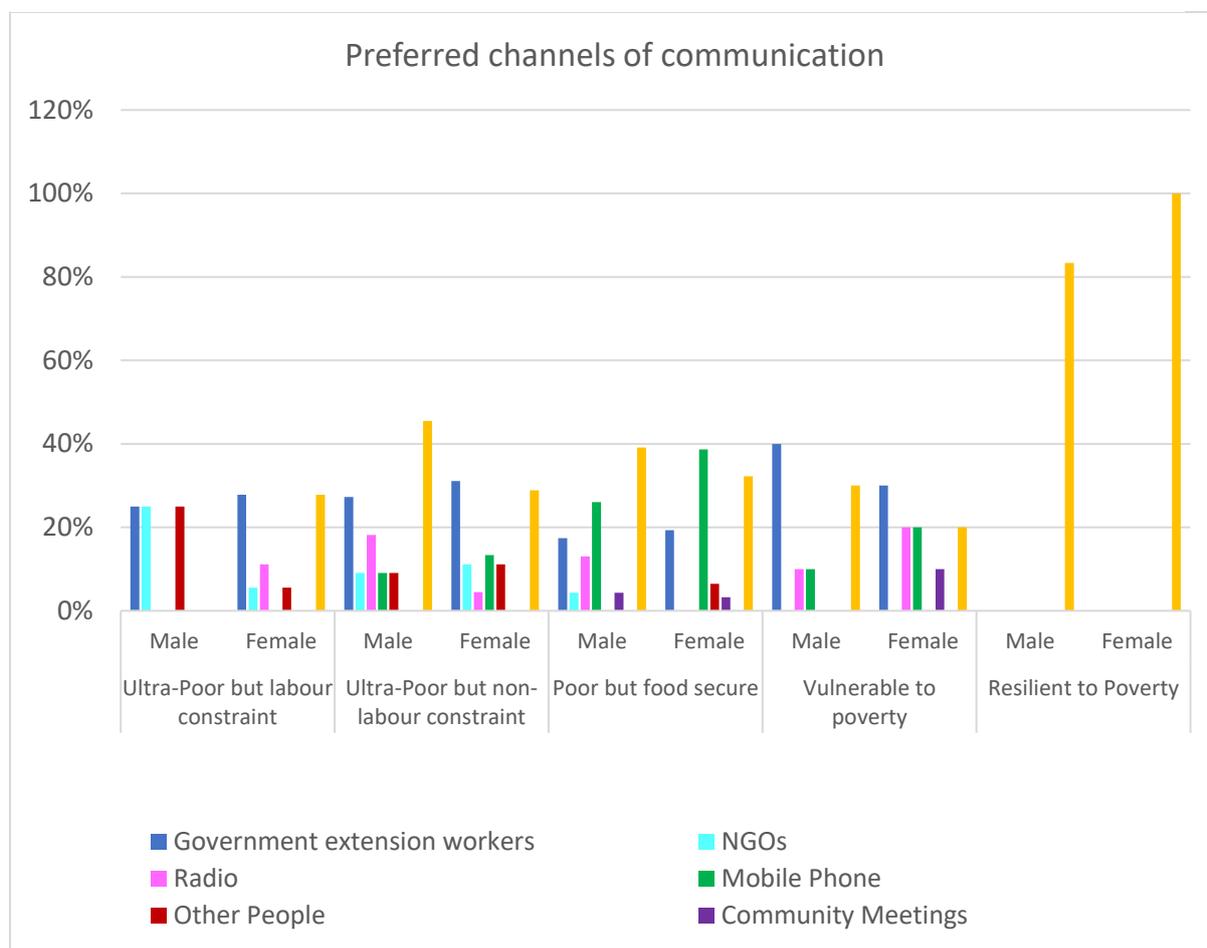


Figure 16 shows that majority of the respondents across the economic strata categories, prefer training as the main mode of communication on asset grants, followed by extension workers, mobile phones and NGOs. In terms of preferred channels by economic strata, all the five categories prefer to receive information through training, while the other four strata except resilient to poverty prefer extension workers, radio, other community members and NGOs. On the other hand, the ultra-poor but non labour constraint, poor but food secure and vulnerable to poverty prefer to have mobile phones as part of information dissemination channels.

On preference of channels of communication by sex, female respondents across the economic strata, dominated more choices of the preferred channels than their male counterparts. This means that females prefer to receive information through a wide range of channels.

Awareness of Income generating activities

Figure 16: Awareness of Income Generating Activities

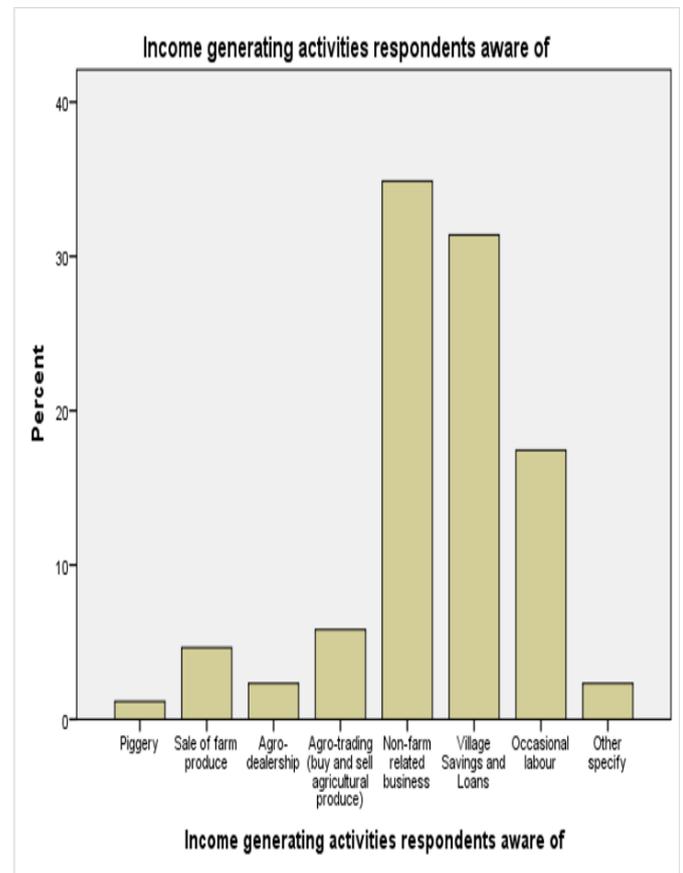
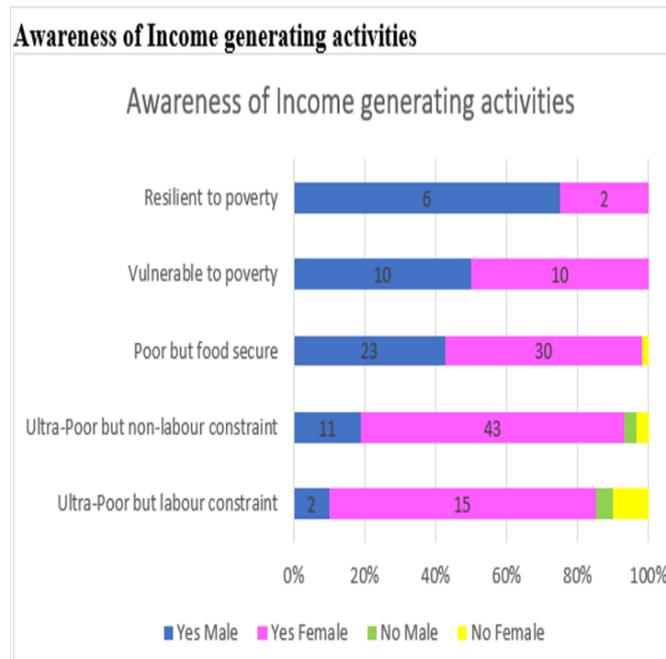


Figure 17 shows that across the economic strata the majority of the respondents indicated to be aware of various income generating activities. The most well-known income generating activities among the majority of the respondents is the non-farm related businesses seconded by Village Savings and Loans and thirdly occasional labour. There are very few rural individuals who are engaged in piggery, sale of farm produce and agro dealership as income generating activities. Despite the majority of the rural population being farmers, however they do not take farming as an income generating activity hence the need to promote rural farmers inclusion in formal agricultural value chain.

Figure 17: Main sources of income generating activities

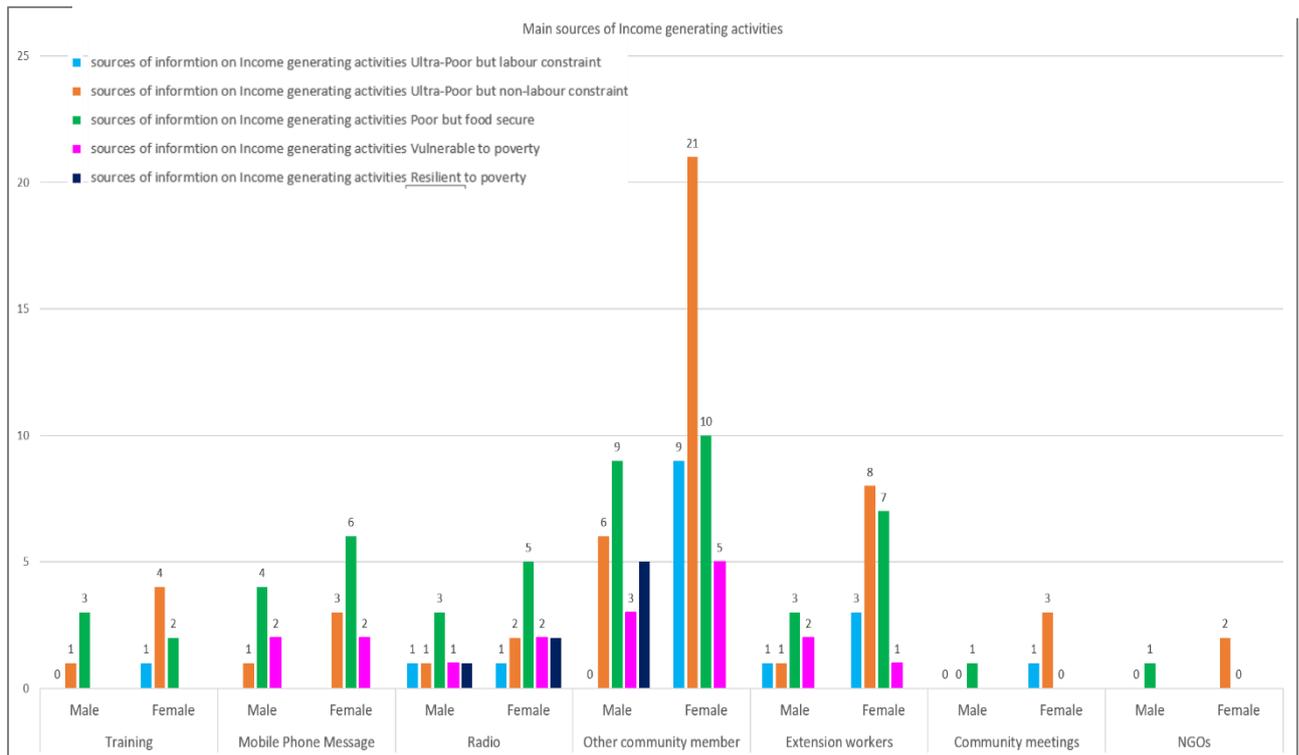


Figure 18 shows that majority of the respondents across the economic strata, accessed information about income generating activities mainly through other community members, followed by extension workers, Radio and mobile phone. The cross-tabulation shows significant changes between male and female respondents as to how they accessed information on IGAs. More female ultra-poor but non labour constraint received information mainly through other community members, extension workers, training, mobile phones, radio and community meetings. With regards to male ultra-poor but non labour constrain their sources of information on income generating activities varied from other community members as a channel through which most received information seconded by radio, extension workers, training, mobile phone as the channels through which they received information.

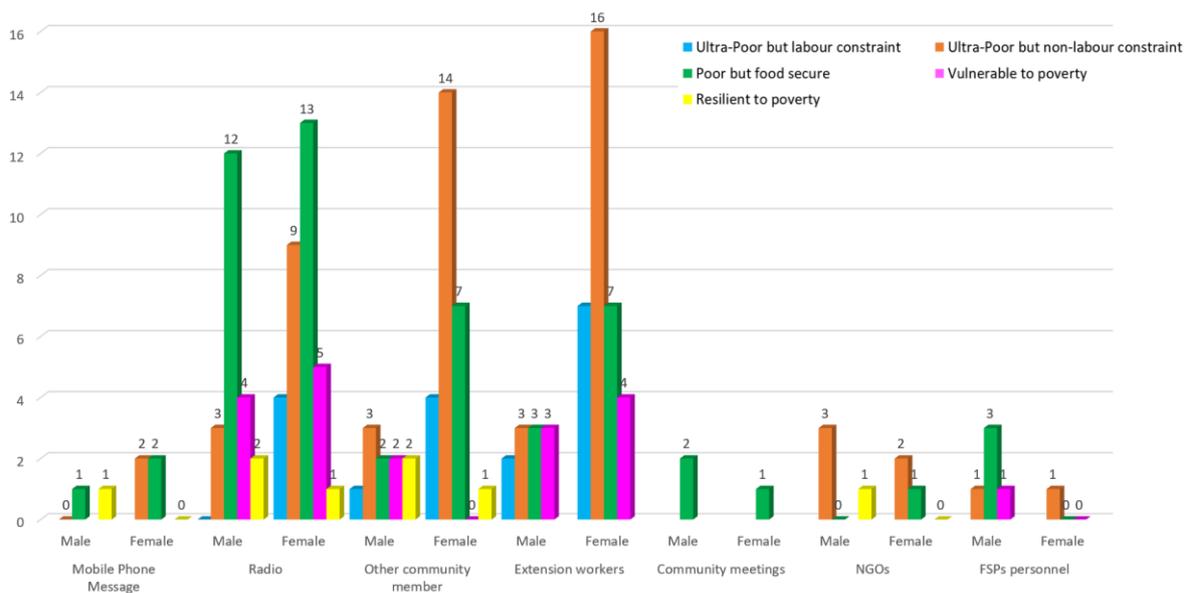
The ultra-poor but labour constraint female respondents' source or channel of information, a higher percentage (50%) of them identified 'other community members' as a main source of their knowledge of income generation activities, 16% female claimed Extension workers as their main source information, and 6% separate female groups of ultra-poor labour constraint female respondents identified mobile phone, radio, community meetings and training as their source of information respectively. The male ultra-poor but labour constraint respondent's source of information varied from 'radio', 'other community members' and extension workers'. Only 25 percent of the respondent identified radio as the source of information communication percent of the male respondent and another 25% of the male respondent also identified government extension workers as their source of information of income generation activities

The poor but food secure' female respondents source of information varied across various sources of information whereby the majority of the females' respondents about 32% received income generation activities information from 'other community members' extension workers' was the second highest source of information by most 'poor but food secure' respondents the mobile phone messages was third as a source of information for the poor but food secure female respondents. And the fourth highest level as source of information by was radio. However, with regards to male poor but food secure respondents the majority of them

identified other 'community members' mobile phones, radio, extension workers and training in such a descending order.

The female respondents are vulnerable to poverty, a majority of them identified 'other community members' radio and mobile phones as the most source of income generating activities information in such a descending order. The male 'vulnerable to poverty' other community members and mobile phones and extension workers were the most frequent source of information. And those who were resilient to poverty (male respondents only) identified other community members as their source of information concerning income generation activities.

Figure 19: Main sources of information by economic strata



Most ultra-poor but labour constraint female respondents identified 'Extension workers' community meetings and radio 'in such as descending order' as the only preferred channel for information dissemination. The male ultra-poor but labour constraint respondents preferred channel for information dissemination ranged from extension workers and other community member as the only preferred channel for information dissemination.

Ultra-poor but non labour constraint male respondent's preference of channel for information dissemination equally identified Radio, other community members and NGOs. While the female ultra-poor but non labour constraint preference of information dissemination ranged from extension workers, 'other community meeting' Radio and NGOs In a descending order as the most preferred channels of information dissemination

The Poor but food secure female respondents identified Radio as the most preferred channel of receiving information seconded by 'other community members and 'extension workers' mobile phones and community meetings in such a descending order. While the male counterparts their preferred choice of information dissemination, radio was identified as the most preferred channel seconded by the FSP personnel and extension workers.

The respondents who are 'vulnerable to poverty' 'the female respondents' preferred channel of receiving or information dissemination ranged from radio as the most preferred channel of

information dissemination and 'extension workers' as the second and only most preferred channel of information dissemination. Their counterparts' preference ranged from radio, extension workers and FSPs in such a descending level or order of preference. The respondents who were resilient to poverty, their preference of channel for information dissemination was radio, other community members as the most preferred channels seconded by mobile phone and NGOs as preferred channels. The female counterparts only indicated radio, mobile phone and NGOs as preferred channels for information dissemination

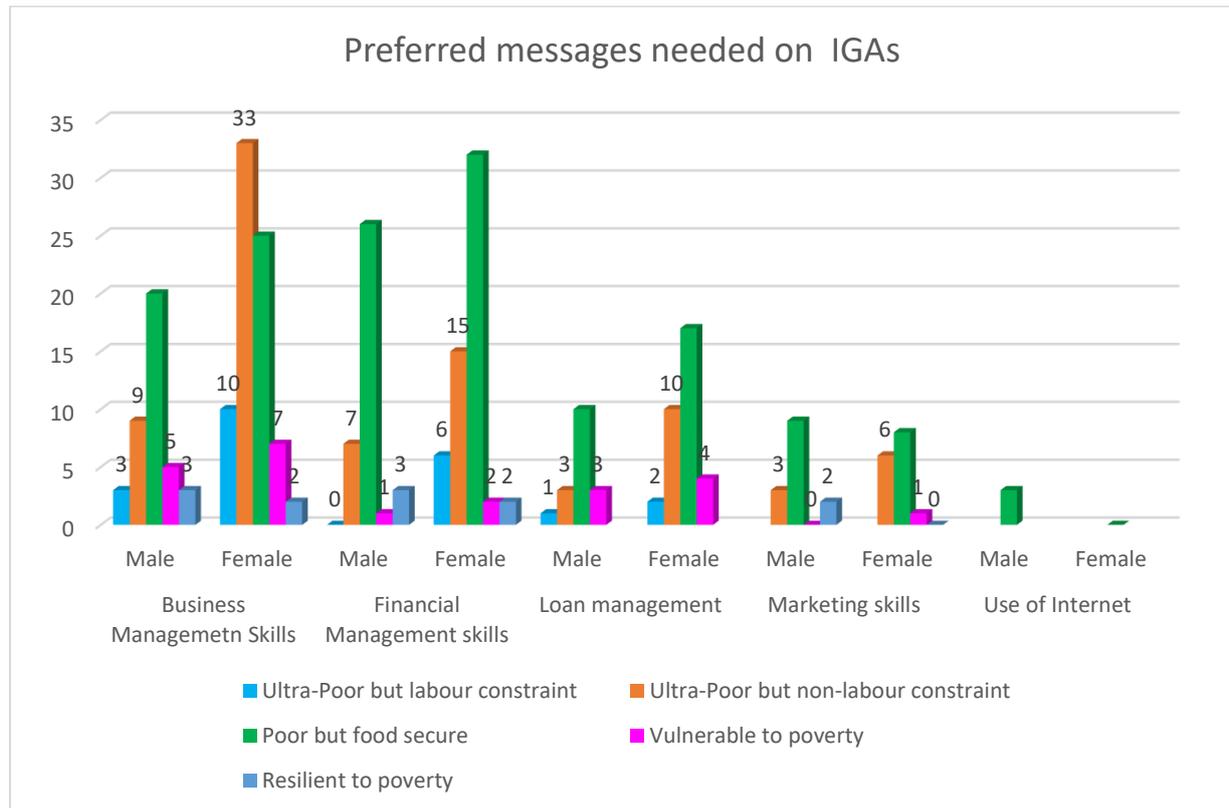


Figure 18: Preferred messages on IGAs

Part of ultra-poor graduation, beneficiaries to the program are helped with confidence building, IGA trainings in various fields, however the need for such training topics varies among the socio-economic status of the beneficiaries. The ultra-poor but labour constraint female respondent indicated business management skills as the most preferred confidence building messages, the second, third and fourth preferences were financial management, loan management and marketing skills in such descending order, while their male counterparts their order of choice ranged from Business management , financial management marketing skills and least preference being loan management.

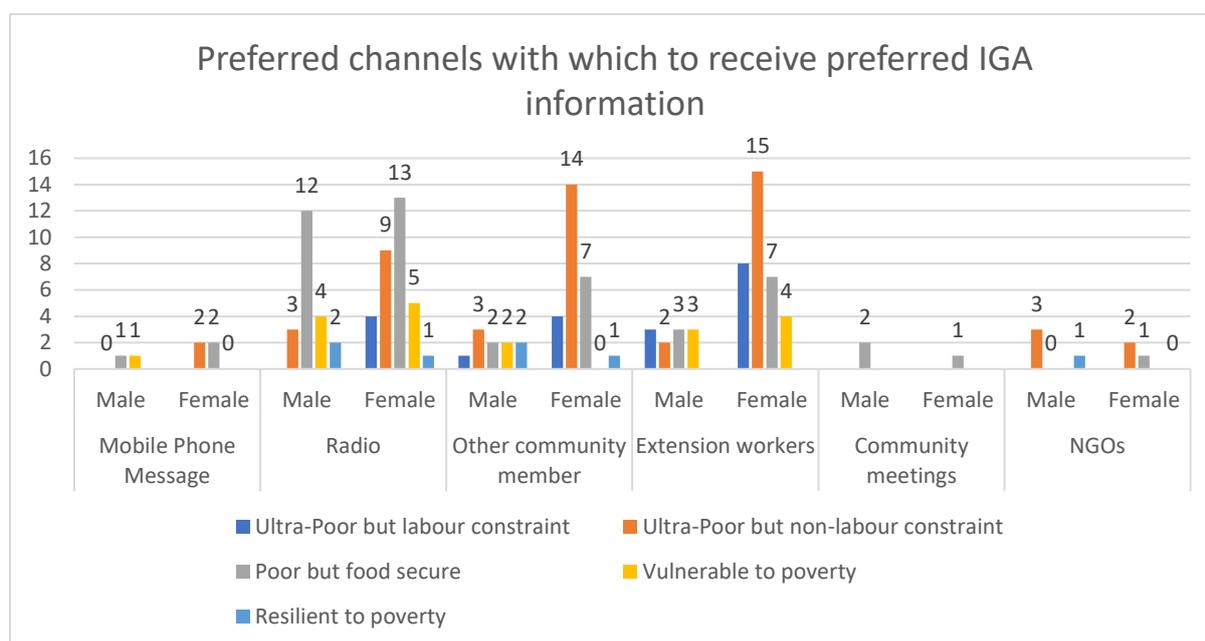
The ultra-poor but non labour constraint female respondent preferences on confidence building messages ranged from business management skills, financial management, loan management, and marketing skills while the male counterparts' choices ranged from Financial management, business management, loan management and marketing skills knowledge in descending order

The poor but food secure female respondents' preferences ranged from financial management skills, business management skills loan management and marketing skills in such a descending order

The female respondents' 'Vulnerable to poverty' preferences ranged in order from business management, loan management, financial management and marketing as the least preference being loan management. While the male respondents' preference in a descending order ranged from Business management, loan management, and financial management and marketing being the least preferred knowledge to receive.

The resilient female respondent's knowledge needs ranged from Business management, financial management and marketing on the same level of demand and while the male respondents preference ranged from business management, financial management

Figure 19: Preferred channels for receiving IGA information.



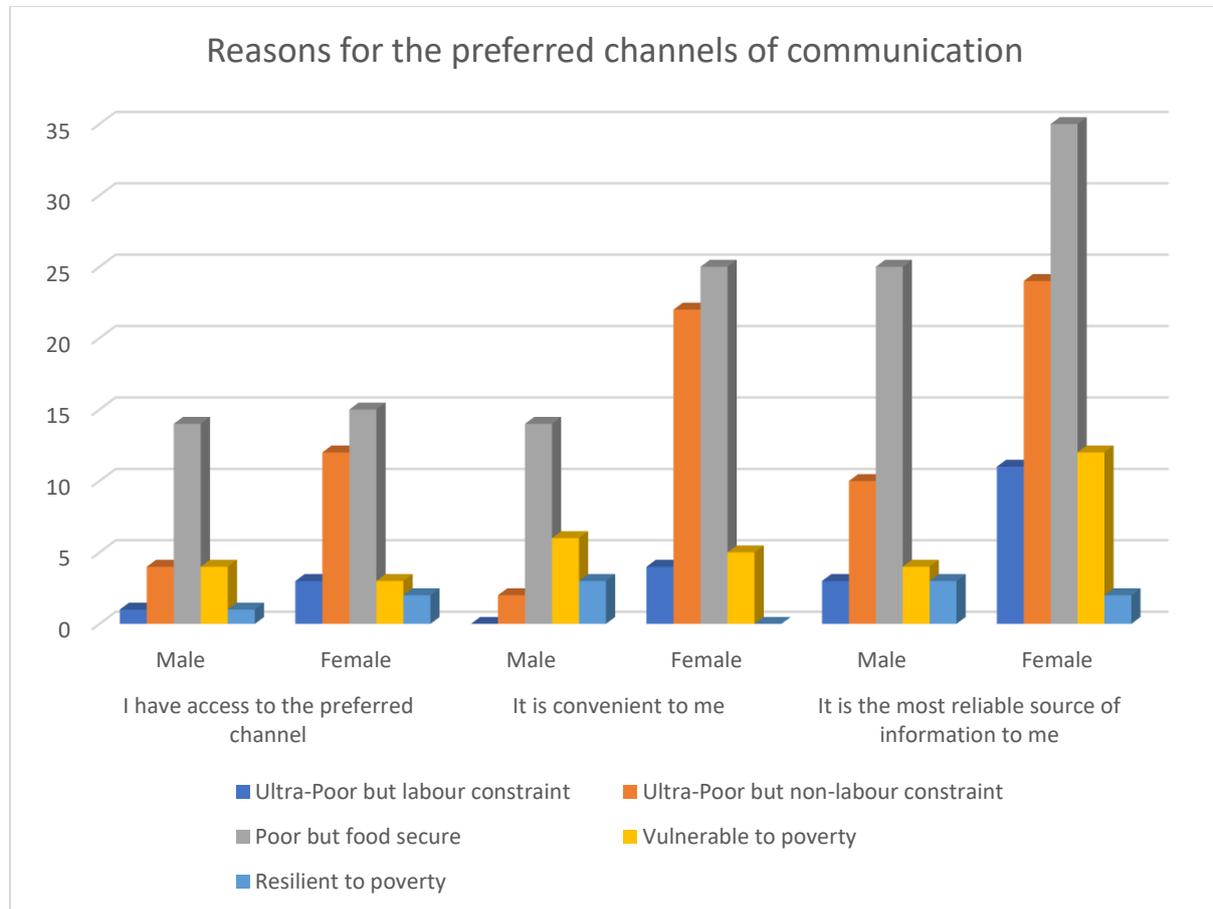
The preferred channels through which the preferred messages would want to be received also varied across the social-economic status of the respondents. The Ultra-poor labour constraint preferences ranged from extension workers, other community members and radio as the most preferred channel which to receive information. The male respondent preference also ranged in the following descending order, extension workers and 'other community members

The ultra-poor but non labour constraint female respondent preference of channels through which to receive messages ranged from extension workers, other members radio (of which a majority choice the three in descending order), and mobile phones and NGOs while their male counterparts were Radio NGOs, and other community members as the most preferred channels of receiving information while NGOs and mobile phones were the least preferred channels.

The 'poor but food secure' male respondents prefer Radio, extension workers, other community members as channels for receiving information while the female respondents their preference ranged from radio, other community members and extension workers as the main preferred channels of receiving information and mobile phones, community meetings and NGOs as the least preferred channels of receiving information in such a descending order or level of preference. Those who are vulnerable to poverty (both male and female) preferred radio and extension workers as the most preferred channel through which they would want to

receive information. Both male and female respondents who are resilient to poverty indicated radio and other community members as their preferred channel of receiving information.

Figure 20: reasons for preferred channels

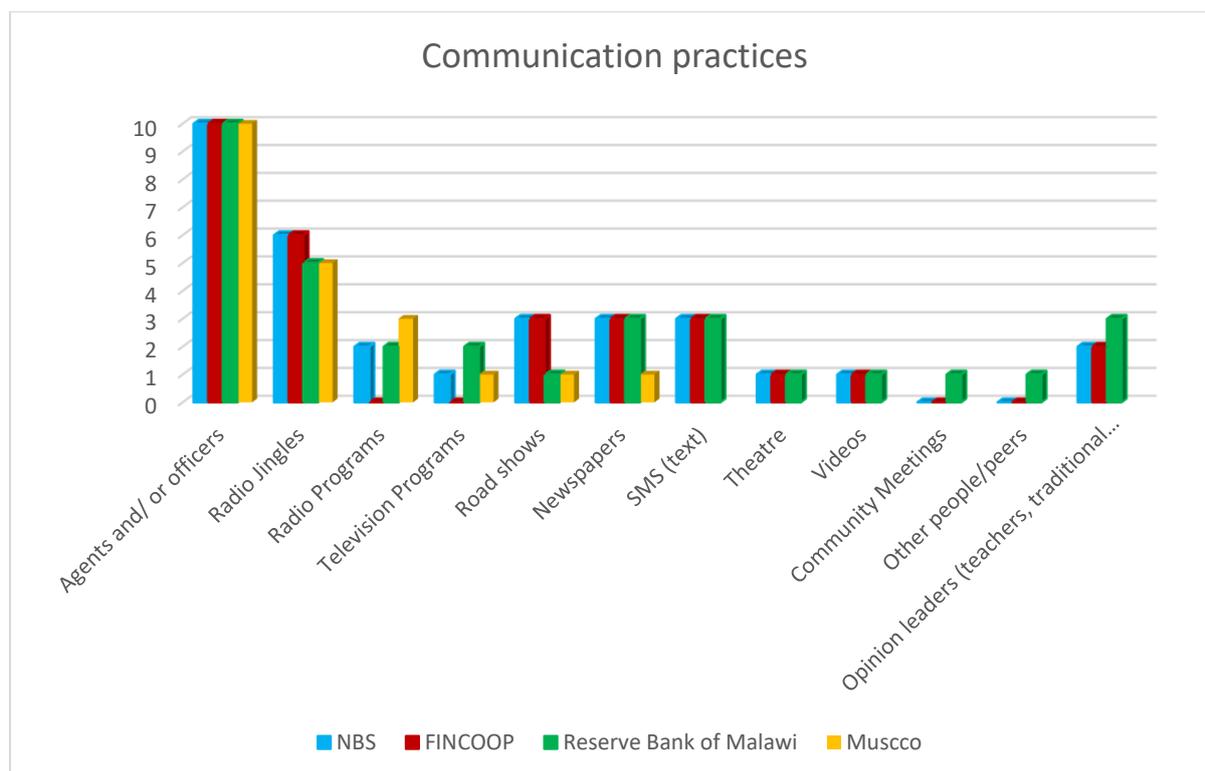


The majority of the 'poor but food secure,' their choice of communication channels (radio and extension workers) was based on the channel being reliable source of information and the channel being convenient. The ultra-poor but labour constraint preference was based on reliability of the channel and how convenient the channel is and accessibility. The ultra-poor but non labour constraint choice of communication channel was based on reliability of the channel, convenience and accessibility according to the female respondents, while the male respondents their most preferred channel of communication and the reason behind such in order were convenience, accessibility and reliability of the channel. Regardless of the social strata of the respondents the main reason behind the choice of communication channel was based on the reliability of the channel with regards to information credibility.

5.7 Analysis of the Service Providers' communication practices targeting rural people focusing on access to rural finance and Ultra-Poor Graduation interventions and identify gaps.

The Financial Service Providers interviewed during the information needs assessment use the following communication pathways to communicate with rural communities as shown in figure 23: (10 = high usage; 5 = average usage; 2 = very low usage; 0 = No usage at all)

Figure 21: Communication Practices by FSPs



Agents/officers

All the sampled FSPs use agents and other officers as the main means of communicating with rural people to share information about their financial products and services. The Agents move from one area to another conducting sensitization meetings with communities.

Reserve Bank of Malawi (uses communication team comprised of 2 officials) to carry out financial literacy education meetings reaching out to different stakeholders including traditional leaders, the print and electronic media houses among others.

Audio adverts

FSPs also use radio adverts to create awareness about their products and services. These are one minute or less, adverts, promotional audio materials. All the FSPs indicated that they mainly broadcast these adverts through national broadcasting radio stations. There also few adverts that are broadcast through community radio stations but this was indicated as periodical slots.

Radio programs

The FSPs including the Reserve Bank of Malawi indicated that they sometimes have radio programs to disseminate information about their products and services to both rural and urban people. However, most of the radio programs come from press briefings and special functions, and as such, the FSPs do not have special or specific radio programs that creates awareness about their products and services on regular basis.

Television Programs

On use of Television programs is periodically done based on special functions that FSPs conduct. The commonly functions that make the FSPs use television include press briefings, launch of specific products. The television programs aim at showcasing FSPs products and services to the affluent and the policy makers. The television programs are not continuous. Nevertheless, the FSPs such as NBS, FDH have television adverts that are being played on a more regular basis on national television stations.

Road Shows/

Financial Service Providers have been conducting road shows also deemed market activation. These are meetings which the FSPs do in rural areas at a market place where they hold open air meetings playing music, theatre to promote their products and services. These are done periodically others on quarterly while other FSPs do it every six months.

Newspapers

The sampled FSPs indicated that they use newspapers to share information about their products and services. The newspapers are used periodically. These are used during press briefing coverage of the specific services and products; periodic business articles of newspapers (commonly used by Reserve Bank, FDH and NBS Bank).

SMS

All the sampled FSPs indicated that they use mobile phone short messages (SMS) to disseminate information about their services and products. It was highlighted that most of the messages sent to rural people more to do with pointing rural people to FSP agents and customer service departments for them to get detailed information about products and services. The messages target the literate groups of the rural and urban communities.

Community Meetings

Some FSPs indicated to be using community meetings to make announcements about their financial service activities such as mobile banking that are intended to take place in a particular area. These announcements are usually made by the traditional leaders.

Videos

FSPs also use videos to share information about their products and services. This is particularly used by NBS bank though on a small scale.

GAPS in Service Providers' communication practices targeting rural people focusing on access to rural finance and Ultra-Poor Graduation interventions

- Reliance on face to face interaction limits the number rural people that can be reached with information on financial services or products.
- FSPs do not have enough human resources/agents/officers to meet rural people's demand for information about financial products and services in order to successfully achieve financial inclusion.
- Most of the FSPs staff are over stretched as they have to reach out to as many rural people in as many districts as possible with information on products and services.
- Use of irregular radio programs to cover FSPs products and services information does not create loyalty from the rural audience as they do not know when the next program will be aired again. This makes it likely for them to miss it the next time it is aired.
- FSPs indicated that jingles, adverts and radio programs are expensive to run continuously.
- Though use of the mobile phone short messages is common among FSPs, the SMS lacks details as it has limited number of characters that can be used in a single message making it difficult for rural people to get enough information to help them make informed decisions about utilization of financial products and services.
- High illiteracy levels in the rural communities makes it difficult for community members to fully utilize the SMS services.
- Use of community meetings is more of announcements of the days of mobile banking/financial services are made available in specific locations and have no further information about the services that could be passed on to people. Furthermore, the traditional leaders who make announcements related to FSPs, have no knowledge of the services to mainstream in their community meetings for people to understand and make a choice to seek and utilize them.
- FSPs indicated that road shows are expensive to run. It is also practically impossible to conduct roadshows in every market place in every district across the country.
- Use of videos has some limitations of access for rural masses as many of them do not own television screens, which could be used to watch the videos.

RECOMMENDATIONS

1. FARMSE should consider using a combination of face to face and mass media approaches.

The study has revealed that information dissemination on financial services and ultra-poor graduation has been dominated by face to face approach. However, this has proven to be a challenge in as far as reaching out to masses with information is concerned. On the other hand, among preferred channels of communication across the economic strata, Extension workers, radio, mobile phone, community meetings and NGOs dominated. FARMSE should therefore:

- a) Come up with capacity building initiatives for public officers at district and community levels to acquaint them with knowledge in financial literacy so that they can mainstream financial services information in their daily work serving the public across the sectors.
- b) Based on respondents' preferences and owing to the ability of mass media platforms such as print and electronic media to reach out to masses much more than face to face interaction, FARMSE should consider utilizing mass media platforms to complement face to face interaction, so as to enable more rural masses to access information on financial services and ultra-poor graduation for expanded reach and scalability.



Community Meeting



2. FARMSE should consider using a multimedia approach in dissemination of financial services and ultra-poor graduation information to beneficiaries

The study has revealed that some of the respondents accessed financial services information and ultra-poor graduation related information using media channels such as Radio, Mobile Phones messages, IEC material and television. Although usage of these platforms is minimal at this stage, respondents, however, indicated that radio and mobile phones are their most preferred media pathways through which they would want to receive financial services and ultra-poor graduation information.

Specific recommendations on specific mass media channels of communication as preferred by respondents include:

- a) Continuous radio programs on financial inclusion and financial literacy with consistent information covering a wide range of financial products and services and communicated in a manner that is clear, relevant, timely, user friendly for the rural people to understand and use.
- b) Mobile phone services should include the interactive voice response (IVR) in order to complement and supplement the USSD text-based mobile applications services which are commonly used by most service providers. The IVR services will accommodate the illiterate as they will be able to use the mobile services to access financial service information and ultra-poor graduation messages audibly.
- c) Infographics
Infographics should be used to relay information on ultra-poor graduation and financial services messages to rural communities. The infographics should be designed to meet the information needs of both the literate and the illiterate.

There is also potential of using television, social media and internet especially among all the social economic status categories except for those under ultra-poor but labour constraint category because most of them do not have ICT gadgets for receiving information.

3. FARMSE should consider using local structures at community level to disseminate ultra-poor graduation and financial services information

The study has revealed that most of the respondents accessed financial service information and ultra-poor graduation related information through other community members and community meetings. It is imperative for FARMSE to consider building capacity of local structures such as traditional leaders, various development committees at district and community levels, religious leaders, teachers and village committees to mainstream financial literacy issues during village or community meetings and promote peer effect among community members.

4. FARMSE should ensure harmonization of ultra-poor graduation and financial literacy messages

FARMSE should ensure that there is harmonization of the messages on financial literacy and ultra-poor graduation that are channeled to rural communities so that they are harmonized, approved, uniform and in conformity with the ultra-poor graduation and financial literacy guidelines. This could be done by having periodic review of the messages being relayed to rural communities with input from key experts coming from relevant sectors.

5. FARMSE should lobby for infrastructure development in rural areas

FARMSE should lobby for increased network coverage in the catchment areas of the programme by mobile network operators; expedition of rural electrification program, use of alternative power, and road infrastructure development in order to create a conducive environment for financial service providers and for the benefit of rural people.





6. FARMSE should consider engaging institutions of higher learning to integrate financial literacy in their training modules

Based on the fact that financial literacy is still low among the majority of the Malawian population especially in rural areas, FARMSE should consider engaging institutions of higher learning such as public and private colleges, universities, teachers' colleges, technical and vocational training schools to integrate financial literacy in their training modules.



7. FARMSE should consider having a portal of all the FARMSE activities can be accessed

As a programme management unit, FARMSE programme management unit should have a portal where all its activities and those of various implementing partners of ultra-poor graduation and financial service providers can be accessed for knowledge management.



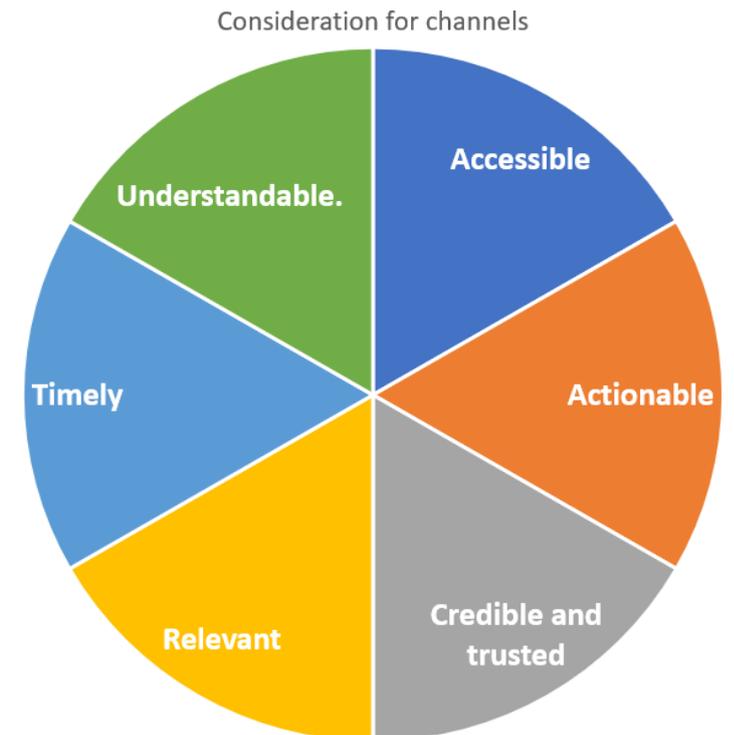
8. FARMSE should consider conducting periodic events and meetings for information sharing

There is need to have events for knowledge sharing among stakeholders. This would include but not limited to: Annual knowledge sharing workshops such as symposia, periodic press briefings, stakeholders' meetings at national, regional, and district levels. FARMSE and its implementing partners would use such for a to ensure knowledge on ultra-poor graduation and financial service that has been generated is captured, nurtured and shared.

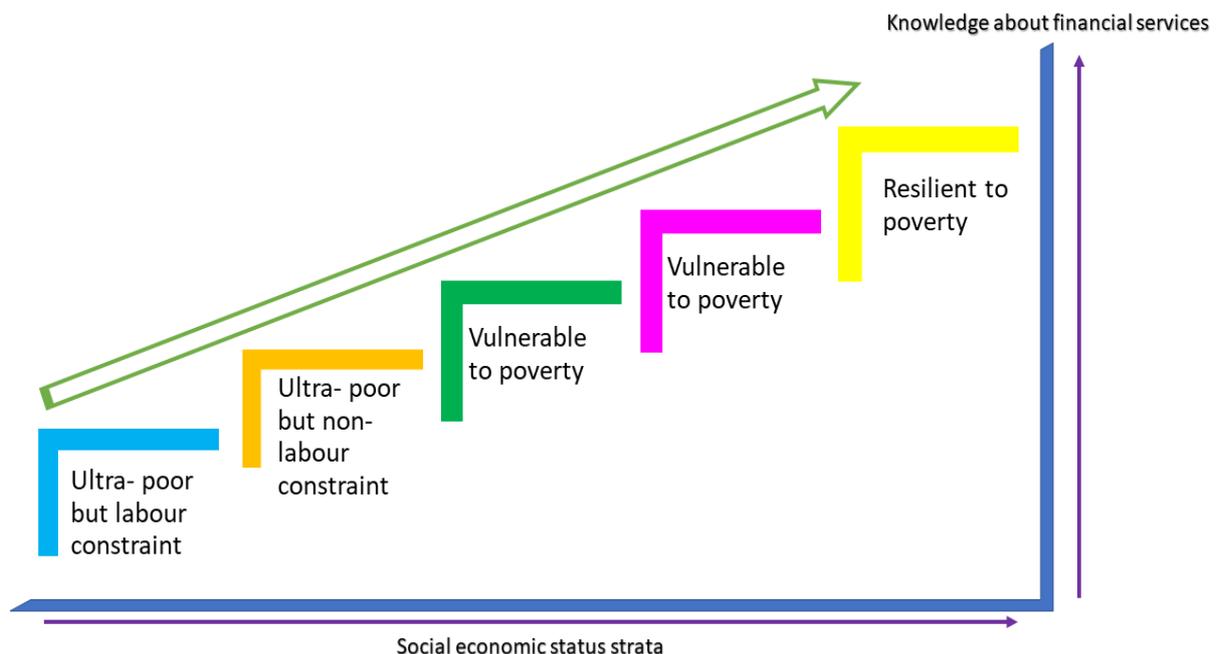


FARMSE should at all times ensure that the principles of accessibility, actionability, credibility, relevance, timeliness and understandability are at the core of its communication activities and are reflected in the full range of materials and activities: interface, social media messages; web-based fact sheets, feature stories, commentaries, infographics, Q&As; intranet content for FARMSE staff; press conferences, news releases and media advisories; videos; visibility and outreach activities etc.

Rural communities rely on their own ability to access the information they need to help them understand financial services and ultra-poor graduation parameters. Communicators should identify all channels that are available, and map their capacities to reach priority audiences. Using the right mix of channels helps empower audiences with the information they need to make informed decisions



The study has revealed that there is a symbiotic relationship between graduating from one level of poverty to the next level and access to information and knowledge uptake. Those that climbed up the ladder from ultra poor but labour constraint had more opportunities of accessing information and subsequent knowledge uptake.



6.0 Conclusion

Financial inclusion plays a pivotal role in enabling rural communities to have efficient and secure payments, manage risks, provide a safe place for savings, and move resources toward productive investments that put them and the country on the path to sustainable development. The realization of the role that financial services play in helping people move from the poverty trap, is in itself no better if the targeted groups are not aware of the actual services and let alone when the services are out their reach. The implementation of the financial inclusion strategy, the financial literacy strategy by different institutions, spearheaded by the Reserve Bank of Malawi, is a positive development that would ensure that the unserved are reached with appropriate information relevant to their financial needs, and how to graduate from ultra-poor poverty levels. As people will only demand what they are aware about, it is imperative for FARMSE to ensure that all platforms for interaction between service providers and beneficiaries are put to greater use in order to ensure knowledge creation, collective and individual or institutional learning, knowledge storage and retrieval and effective knowledge sharing. Therefore, FARMSE must ensure that face to face and mass media approaches are used in order to have expanded reach. Harmonization of message on ultra-poor graduation and financial services is pivotal in ensuring quality, uniformity and consistency across the programme. Permeating all zones of influence across the social economic strata with financial literacy information, from the media houses to communities, from religious to traditional leadership, and from education institutions to social circles will go a long way in creating a Malawian society that is financially literate and has the knowledge and capacity to graduate from poverty trap.