

WMI Banking Factbook - Part 2 – September 2012

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Report compiled by Dan Higgins

Background and Methodology

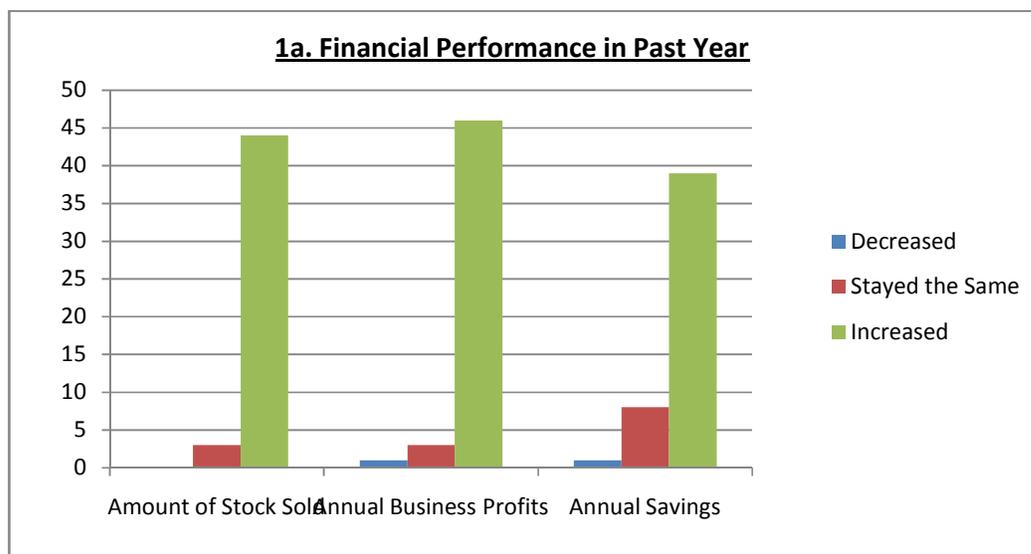
During the Autumn of 2010 a survey was carried out by the women's microfinance organisation WMI whereby questionnaires were administered to 120 women who had transitioned from receiving microloans from WMI to receiving loans from a formal banking institution, Postbank, the results of which can be found at <http://wmionline.org/dataanalysis/profile/WMI-Banking-FactBook.pdf>.

This is a report of the results of a follow-up survey, administered to 50 of the same borrowers that took part in the initial survey, which was carried out in June and July of 2012. The face-to-face questionnaires were administered by University interns who were working with WMI at their Buyobo loan hub, with WMI staff members providing translation if necessary. The questionnaires were designed to gauge the progress the women have made since the initial survey, regarding both their business and their personal welfare and that of their household, along with the impact that a prolonged period of borrowing has had on their standard of living and their feelings toward the formal banking institution from whom they now receive their loans.

Results of the Survey

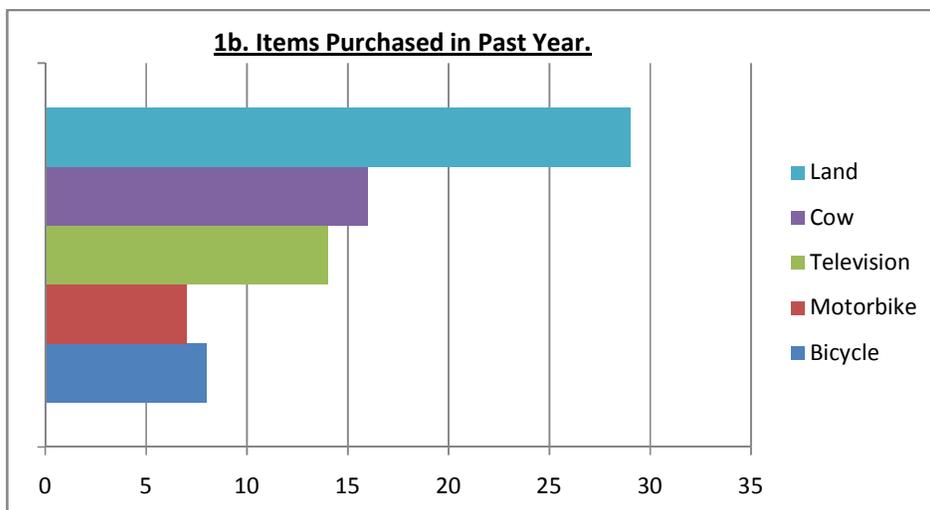
1. Business Performance and Household Finance

From the questionnaires, it was gleaned that business size and performance generally seemed be strong among the participants. Graph 1a shows that the vast majority reported increases in business sales and profits since the last survey which has also resulted in 81% of participants also experiencing an increase in their yearly savings. The average reported annual income from the enterprises of the participants was an impressive UGX3.4 million.



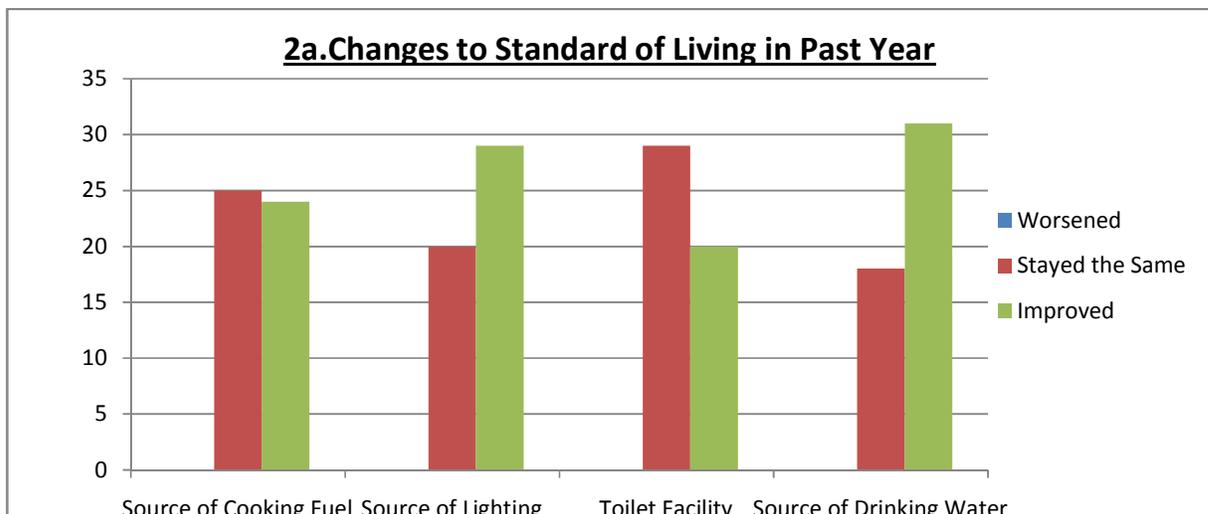
In addition to these positive findings, the survey found that around 71% added new lines to their business in the past year, thus reducing the risks they face in business by diversifying their stock. Furthermore, approximately 90% of respondents reported that they feel their business is more stable now than it was at the time of the previous survey. Despite this success, participants cited a range of challenges to their business going forward such as high competition driving down the price of their goods, seasonal demand falls and unreliable, expensive transport.

The increased income that the healthy performance of the bulk of participant’s businesses has created was reported by the vast majority of participants to have greatly improved the consumption, and therefore the health of borrowers and their families. In addition, it was also found that this increase in income was fuelling the purchase of assets. As Graph 1b shows, the purchase of some of the main ‘big ticket’ items is high amongst the sample. This is a very positive outcome as the accumulation of assets, especially productive assets such as cows is useful for the long-term stability of both businesses and households.

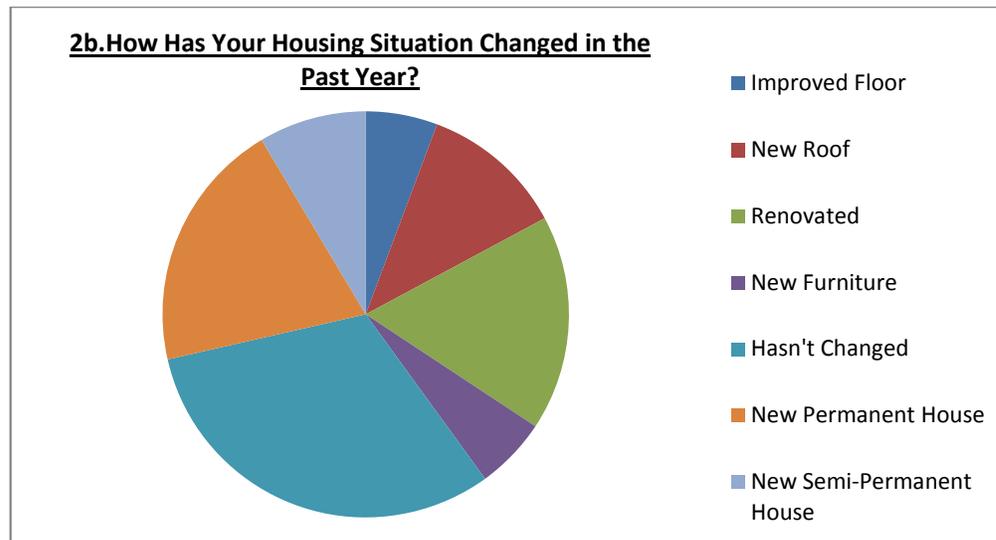


2. Standard of Living and Welfare

In terms of living standards, improvements to toilet facilities as well as primary sources of lighting, cooking fuel and clean water are widespread among the sample, as Graph 2a illustrates.



Furthermore, when questioned about any changes that have been made to their homestead, borrowers, once again, responded positively as Graph 2b illustrates.



Both graphs show that none of the sample's living standards or housing situation were reported to have worsened since the previous survey, having either remained unchanged or, in many cases, improved.

In terms of participant's household welfare, questions on relationships with spouses, as well as being met with the occasional giggle, also obtained mostly positive replies. For instance, 95% of married participants said that their husbands now help more with household chores and 90% reported that their relationships with their husbands as a whole had improved since the last survey. Respondents also added that community gender relations in general have also improved, with the main explanations for such being that spouses cooperate with each other more, women receive more respect as their financial contribution to households are greater and that men are also benefitting from women's entrepreneurial endeavours so they are treating women more favourably.

Approximately 94% of the sample also reported that their general standing in the community had also improved since they joined the WMI program with increased respect being the main factor, as well increasing social status due to being seen as a role model or as a source of business advice.

3. Dealing with the Bank.

All of the women that were surveyed will have been receiving their loans directly from the formal banking institution Postbank for two or more years and their responses suggest that they are mostly happy with the service that they are receiving. Around 76% said they feel more comfortable dealing with the bank than they did a year ago and 63% said their service had improved. The main reasons given by those who did not agree that Postbank's service had improved sighted high fees and the fact that they do not come to the village often enough as the main issues.

Another notable discovery from the questionnaires was the range of services that the borrowers were using, with 84% actively using savings accounts and 67% regularly using ATM cards.

4. Going Forward.

A number of constructive suggestions and requests were collected from the questionnaires. Firstly, when asked what further training participants would like to receive, in addition to the substantial training that they have already undertaken in subjects such as marketing and business planning, the women responded enthusiastically, requesting a range of different trainings, as Table 4a illustrates.

4a. Subjects of Requested Future Training.

Training Subject	Number of Respondents Requesting
Child Financial	14
Computers	11
Further Business Planning	9
Adult Literacy	8
Electronic Book Keeping	7
Health Education	6
Family Planning	6
Agriculture	6
Employee Management	3
Business Skills	1
Saving Education	1
Financial Management	1

In addition to requests for further training, participants were asked for any further comments that they would like to be passed on to WMI. Along with many offerings of glowing praise and gratitude to the program, they also had some suggestions which would be useful to consider going forward. Firstly, many of the responses revolved around the issue of school fees. They asked that WMI provide more assistance with these, either through special loans that were issued just to pay for school fees or loans with repayment schedules that acknowledged school fee payment dates and were more accommodating to the cash-flow strain that can be experienced at those times. Secondly, a handful of respondents requested that, in addition to Postbank coming to the village to collect repayments and issue loans, all additional banking services were also localised so as to overcome the problems that travelling into Mbale and dealing with the bank there can provide. Finally, a number of respondents sighted issues with transitioning to formal borrowing. Two women said they would prefer a longer period of receiving loans directly from WMI before being made to transition, another two asked that transition not be forced and that they do it at their own discretion and another woman asked that after borrowers are transitioned, WMI continue to fully guarantee loans for as many as they choose to receive.

5. WMI's Impact.

From the survey results, one could deduce that these loan recipients have experienced many improvements to their lives as mothers, housewives and businesswomen. However, one could question how connected these improvements are with loan receipts and whether or not this progress would have been achieved anyway if WMI had never come into their lives. This is hard to tell, however, when questioned as to whether respondent's lives would have improved as much without loans, only 2 of the 50 replied that it would have. Furthermore, 100% of respondents reported that receiving a loan, and the benefits that it has created for them, has allowed them to help others in the community. When asked for examples, many replied that they provide financial assistance to friends and relatives to help with general consumption, school fees and healthcare, in addition to providing business advice.