CONSUMER EDUCATION FOR BRANCHLESS BANKING OUTCOMES ASSESSMENT

ZOONA AND VISIONFUND, ZAMBIA

Written by **Craig Tower** and **Eric Noggle** with **Guy Stuart**

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MFO
microfinance opportunities

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Acronyms

CEBB	Consumer Education Branchless Banking
CO	Credit Officer
FGD	Focus Group Discussion
IDI	In-Depth Interview
MFO	Microfinance Opportunities
MIS	Management Information System
NRC	National Registration Card
PAR	Portfolio-at-risk
PIN	Personal Identification Number
RCT	Randomized Control Trial
SEP	Socio-economic Profile
VF	VisionFund

EXECUTIVE SUMMARY

In 2010, Microfinance Opportunities established a partnership with The MasterCard Foundation to implement *the Consumer Education for Branchless Banking* project. Broadly, the aim of the project was to determine how consumer education could support the uptake and use of branchless banking services and how consumer education combined with these services can help low-income people improve their financial well-being.

This outcomes assessment covers the portion of the project that occurred in Zambia in conjunction with VisionFund Zambia, a micro-lending institution, and Zoona, a real-time payments provider that operates through a network of cash distribution channels. In 2011, VisionFund and Zoona entered into a partnership in which VisionFund disbursed loans to its clients via Zoona's agent network. As part of this branchless banking project, Microfinance Opportunities agreed to develop a training curriculum that addressed VisionFund clients' understanding of the loan disbursement process via Zoona's network as well as strengthen clients' financial capabilities. The training modules were delivered by loan groups' credit officers, but there were also materials that Zoona agents could use to reinforce specific learning related to Zoona's process.

In order to evaluate the success of the training program, the project partners established an evaluation protocol that aimed to answer three broad research questions:

- How was the consumer education training program received by both clients and trainers? How much value added was perceived by participants?
- Did the consumer education program improve consumers' knowledge, skills, and attitudes as they related to financial management and branchless banking?
- Did recipients of the consumer education program change their financial management behavior?

We used a mixed-methods approach to evaluate the training program, including:

- In-depth interviews and focus group discussions with clients and staff at VisionFund and Zoona
- A baseline and end-line knowledge survey
- Econometric analysis of management information system data from both VisionFund and Zoona and portfolio-at-risk data from VisionFund

Overall, the results were positive. Staff who gave or oversaw the trainings at both organizations stated that they thought the training had a positive impact on their clients. Multiple benefits were reported, including clients feeling more at ease with the entire loan process, being more confident with regard to their money management abilities, and actually changing their borrowing behavior based on their learning. Many of these same thoughts were echoed by clients themselves who appreciated the role that the training had on their understanding of how to manage their money and the impact that had on their businesses.

The quantitative analysis based on the knowledge survey, the management information system data, and the portfolio-at-risk data largely supported these findings. Statistical analysis showed strong

evidence of improved client knowledge that likely resulted from the training. Clients showed statistically significant improvement on six of 12 knowledge questions and positive, but not statistically significant, growth on another five from the baseline survey to the end-line. Data from VisionFund indicated clients demonstrated tangible behavior change as a result of the consumer education training program. Clients who received the training asked for smaller increases in new loans compared to clients who did not receive the training, indicating, on the part of those receiving education, an increased awareness of how to manage debt and the ability to act on their knowledge. Regression analysis of VisionFund's portfolio-at-risk data showed that the proportion of VisionFund's 30-Day portfolio-at-risk was 7.7 percentage points lower on average after the intervention occurred among branches that received the consumer education program.

We also hypothesized that individuals who received the training, and thus improved their capabilities, would increase their use of other financial service products offered by Zoona. This hypothesis was not supported by the data.

Despite the rejection of this hypothesis, the strength of the findings from the interviews, survey data, and VisionFund loan data suggests that the consumer education program had a meaningful and positive impact on participants' financial capabilities and resulted in positive changes in the ways clients managed their money. The findings related to lower portfolio-at-risk suggest that consumer education has the potential to reduce defaults in the long-term.

INTRODUCTION

OVERVIEW

In 2010, Microfinance Opportunities (MFO) – in partnership with The MasterCard Foundation – began *the Consumer Education for Branchless Banking* (CEEB) project. The goal of this project was to determine how consumer education could support the uptake and use of branchless banking services, and how consumer education combined with these services could help low-income people improve their financial well being.

MFO entered into a partnership with branchless banking service providers in India, the Philippines, and Zambia with the intent of evaluating the role that consumer education could have in supporting the sustained use of branchless banking services. Each partner offered slightly different products and services. In India, the partner, FINO, offered an electronic account linked to a biometric smart card which clients could use to access a savings account through a point-of-service network operated by business correspondents. In the Philippines, the partners MABS and RBAP, implemented an electronic money service that banks used to facilitate banking transactions. In Zambia, Zoona disbursed loans to VisionFund clients via a real-time payments platform and a network of cash distribution agents.[1]

PARTNERSHIP BACKGROUND

VisionFund was founded in 2003 and provides small business loans that it hopes will "create real and lasting change by giving [its] clients, women and men, the training and support to run successful business that will provide a sustainable income."[2] Zoona was founded in 2009 as a real-time electronic payments platform with a focus on providing money-transfers.

In 2011, the two parties entered into an agreement to disburse VisionFund's loans through Zoona's electronic payment platform. Under this agreement, VisionFund would transfer the value of approved loans to clients' Zoona accounts and Zoona would then disburse these loans through its agent network.

At the time, this was a novel opportunity for both parties. VisionFund would be able to shift much of the burden that comes with loan disbursements to another party while being on the cutting edge of branchless banking innovations. The agreement was an opportunity for Zoona to test its new loan disbursement product with an MFI in VisionFund that had an established local footprint. In addition to piloting a product at a large scale, Zoona hoped it would be able to cross-sell other services to VisionFund clients as it worked to develop market share, define its core growth areas, and generally evolve to an established enterprise. It was in this context that MFO established a partnership with VisionFund and Zoona to develop and roll-out a consumer education training program to increase VisionFund clients' understanding and use of Zoona products and to improve their overall money management capabilities.

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[1] Lee, Julie, and Maria Jaramillo. "Driving adoption of branchless banking: insights from consumer education in India, the Philippines, and Zambia." Enterprise Development and Microfinance. 24.3 (2013): 218-232. Print.

[2] http://www.visionfund.org/1966/about-visionfund/

By the middle of 2012, however, the partnership between VisionFund and Zoona was stressed as the parties worked to manage unforeseen challenges that resulted from integrating a new product with a new partnership. A principal issue was the ability of Zoona's agent network to support VisionFund's client base and the two partners' ability to work together to mitigate the challenges resulting from this.

VisionFund, understandably, wanted to move as many of its clients to the electronic disbursement system as quickly as possible. As seen in the data (described in the quantitative analysis section) and described by Zoona management, this desire to ramp-up put significant pressure on the agent network. Zoona responded by trying to expand its agent network to meet demand, but that presented additional managerial challenges like how to integrate new agents into an already complex process and alleviate pressure from the need to rapidly disburse large sums in small towns that could not support multiple agents.

The major issue with the ramp-up was the frequency of large disbursements that Zoona was forced to handle. Zoona's internal control procedures were frequently stressed by floating sums of cash as large as $30,000 throughout their agent network. Beyond the threat this presented to the operations of Zoona (a loss of several thousand dollars would have been difficult for the still young company to absorb), the large sums presented legitimate security concerns for some agents. VisionFund and Zoona discussed altering payment schedules to help address these challenges, but a suitable agreement was never reached.[3]

As a consequence of these implementation challenges, VisionFund and Zoona reached an agreement to phase-out their partnership in the last quarter of 2012, and that plan was implemented shortly thereafter. VisionFund has continued with its core business of providing loans with the hope of helping clients establish sustainable incomes. Zoona has shifted its core business to focus on facilitating payments between corporate suppliers and micro and small enterprises in emerging markets. Its agent network is now 500 strong and is handling more than $1 million per day in cash transactions.

EDUCATION PROGRAM DESCRIPTION

VisionFund and Zoona partnered with MFO to develop a consumer education program that would be delivered to VisionFund clients by their credit officers and reinforced through Zoona agents.

There were two primary sets of objectives for the consumer education program.

1. To increase use of branchless banking services by:
    a. Building trust in the mobile phone banking system and facilitating usage among microfinance clients
    b. Cross-selling other services to microfinance clients and existing consumers of branchless banking services including use of the electronic wallet account and money transfers
2. To improve the financial capabilities of consumers by:

[3] In the quantitative analysis section, we use Zoona's MIS data to explore the disbursement challenges they faced in more depth.

a. Demonstrating the value of actively managing money
b. Providing the skills and tools for consumers to do so
c. Instilling the sense of self-efficacy necessary to enact those skills

The education program consisted of eight modules covering content aimed at achieving the primary objectives. This included a series of modules on the processes associated with receiving and repaying a loan via the Zoona disbursement service while the remaining modules focused on basic money management skills including the difference between a good and bad loan, developing a spending record, tracking expenses, and identifying savings options (see Annex 1).

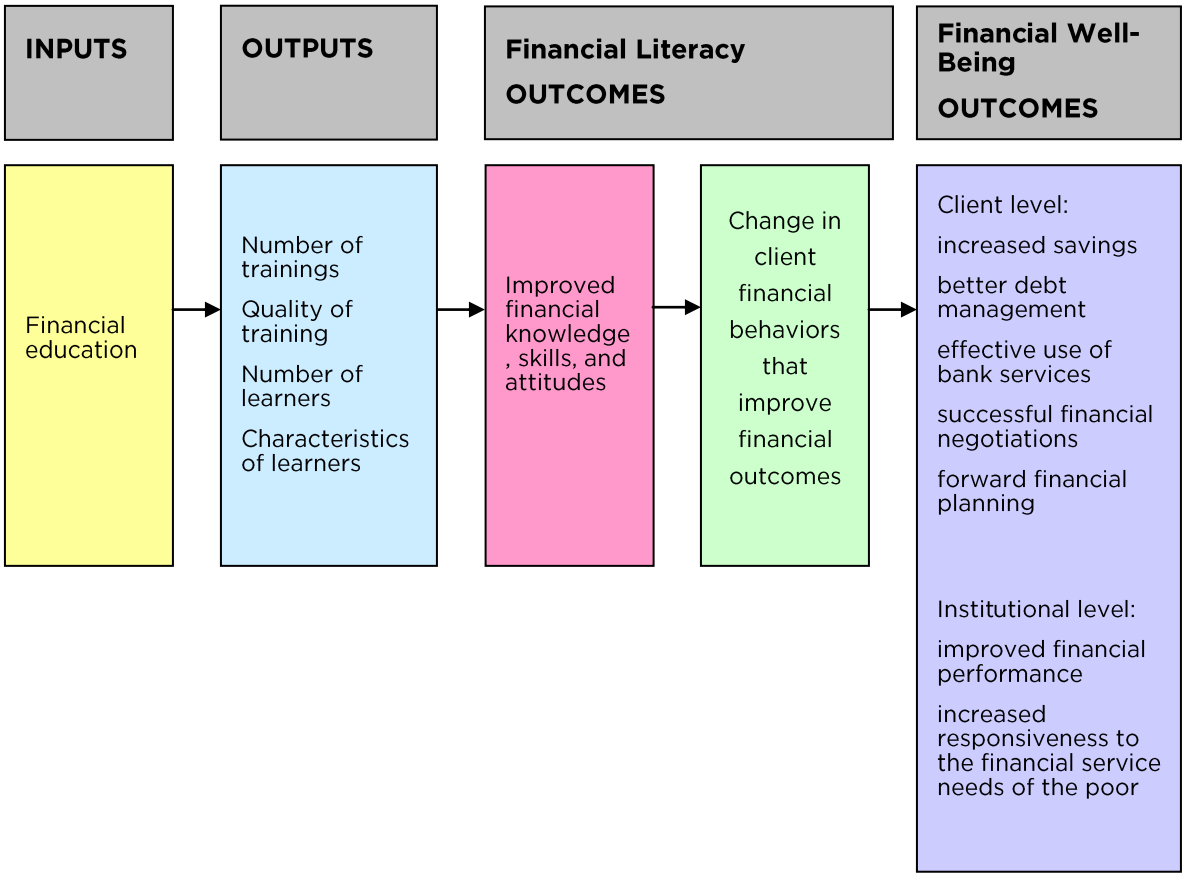
Each session was intended to be delivered by VisionFund credit officers to their clients in a classroom-like setting either before disbursing a new loan or during their regular monthly group meetings. Zoona agents also had familiarity with the branchless banking service curriculum so that they could reinforce processes at transaction points. Various tools were used to deliver the training including training posters and activity books. Additionally, Zoona agents were provided with guides meant to assist VisionFund customers (see an example of a Zoona agent counter sheet in Annex 2).

OUTCOME ASSESSMENT DESIGN

THEORY OF CHANGE

MFO's training program was grounded firmly in a clearly defined Theory of Change in which consumer education provided to a group of learners should improve those learners' financial capabilities, leading to behavior change and improved overall financial well-being (see Figure 1).

Figure 1: Theory of Change of Financial Education[4]



RESEARCH QUESTIONS

Accompanied with each stage of this theory of change is a series of research questions. This outcomes assessment aims to answer those questions albeit summarized into three primary research questions:

1. How was the consumer education training program received by both clients and trainers? How much value added was perceived by participants?

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[4] Sebstad, J., M. Cohen, and K. Stack. "Outcomes Guidance for Financial Education" in Implementation Guidance. Microfinance Opportunities: Washington, DC. 2005.

2. Did the consumer education program improve consumers' knowledge, skills, and attitudes as they related to financial management and branchless banking?
3. Did recipients of the consumer education program change their financial management behavior?

HYPOTHESIS

These three research questions are accompanied by five hypotheses:

1. Recipients of the VisionFund consumer education branchless banking (CEBB) program perceive tangible benefits from receiving the training.
2. Recipients of the VisionFund CEBB program demonstrate a greater improvement in their knowledge, skills, and attitudes with regard to financial capability than individuals who did not receive the training.
3. Based on findings generated in testing Hypothesis 1 and 2, we test the hypothesis that recipients of the VisionFund CEBB program change their debt management behavior by asking for smaller increases in new loans than individuals who did not receive the training.
4. Based on findings generated in testing Hypothesis 1 and 2, we test the hypothesis that recipients of the VisionFund CEBB program increased their use of other Zoona financial service products more than those who did not receive the training.
5. Based on the findings generated in testing Hypothesis 1 and 2, we test the hypothesis that branches that participated in the CEBB program had a lower proportion of their portfolio at risk than branches that did not participate.

METHODOLOGY

We used a mixed-methods approach to test these hypotheses. We tested Hypothesis 1 using qualitative data, Hypothesis 2 using qualitative and quantitative data, and Hypothesis 3, 4, and 5 using quantitative data only. A thorough description of the methods used in both components of the evaluation can be found in their respective sections; for convenience, an overview is provided here.

QUALITATIVE RESEARCH DESIGN

The qualitative portion of the study consisted of a series of focus group discussions (FGDs) with VisionFund loan clients as well as in-depth interviews (IDIs) with branch managers and credit officers at VisionFund and executives and agents at Zoona. This information was supplemented with a socio-economic profile. The qualitative research was conducted approximately half-way through the implementation of the consumer education program. It was determined by all project partners that additional learning from an end of project interview process would be limited, thus relying on the mid-pilot assessment to inform on the project outcomes.

QUANTIATIVE RESEARCH DESIGN

The quantitative portion of the study utilized a variety of methods, depending on the data set. The initial research design called for identifying a series of treatment and control loan groups that could be identified throughout the survey period and the MIS data sets. This proved impossible as contamination and attrition occurred, requiring modification to the research design. Consequently, the knowledge survey was evaluated using a pre-post approach as was analysis of VisionFund's PAR data, albeit the

latter was at the branch level. We were able to identify groups that received financial education within VisionFund and Zoona's MIS systems and thus used difference-in-difference models to determine whether there were changes in borrowing behavior and product use.

QUALTIATIVE ASSESSMENT

RESEARCH DESIGN

OVERVIEW

Early in 2013, the MFO project team decided that a qualitative mid-pilot assessment should be conducted in order to identify what specific challenges the program was facing on the ground. The team decided to use qualitative research in order to quickly gather data and draft actionable recommendations for VisionFund and Zoona, which, it was hoped, could be used to improve the implementation of the program for the remainder of the pilot period.

As the project came to a close, the team felt that, while a qualitative end-line component was planned, the results of the mid-pilot assessment could be used to assess the program as a whole. There were three reasons for this. The first was that the research itself was sufficiently thorough and rigorous that no significant new patterns could be expected to emerge from a later end-line component. The second was that the mid-pilot research was conducted while the partners were still implementing the program, and recall posed less of a problem to the accuracy of the data gathered. Finally, the results of the mid-pilot, in light of changes to the relationship between Zoona and VisionFund and in the functionality of the Zoona service for VisionFund customers, convinced the team that there were systemic challenges that would not be addressed between the mid-pilot data collection phase and the time of any end-line research.

The mid-pilot assessment of the CEBB program was conducted in March 2013. The mid-pilot assessment sought to gather stakeholder perceptions on the consumer education program, through examination of the content, sessions, extent and outreach of the training, as well as through an assessment of the quality and results to date. The specific main objectives were:

1. To understand how the consumer education program is being implemented by frontline service providers of VisionFund and Zoona;
2. To capture the lessons learnt from the point of view of Zoona and VisionFund executives, Zoona agents and VisionFund credit officers;
3. To understand how clients responded to the CE program, including their level of satisfaction with the training, if they were applying any of the content received, and their response to the VisionFund-Zoona partnership;
4. To provide support and feedback to VisionFund credit officers about a revised training guide.

The qualitative field research used to gather data on the program started on March 12, 2013 and ended on March 19, 2013 and was conducted at the Lusaka, Chongwe, Chipata, and Chingola branches of VisionFund, and at the Lusaka head office of Zoona.

SAMPLE

The qualitative research took place at four VisionFund branch locations using FGDs with VisionFund group loan clients, structured IDIs with branch managers and credit officers from VisionFund as well as executives and agents of Zoona. A short Socio-Economic Profile (SEP) questionnaire was also used to collect socio-demographic data from each FGD and IDI participant.

FGD Sample

VisionFund and MFO jointly selected the FGD sample and made preliminary contact with participants.

FGDs were to be carried out with current VisionFund group leaders in urban and peri-urban areas of the selected four branch locations but included some group members as well. These focus groups consisted of 7 to 13 participants each and lasted for approximately 90 to 105 minutes. Two FGDs took place in each location as planned (see Table 1).

Table 1: Sampling frame

	Region I: Lusaka	Region II: Chipata	Region III: Chongwe	Region IV: Chingola	Total # of FGDs
Plan	2	2	2	2	**8**
Actual	2	2	2	2	**8**

Sample profile

Just over 67 percent of the participants were female; this is in line with VisionFund portfolio distribution by gender of 70 percent females. The average age of the participants was 42 years. Lusaka participants (predominantly female) had the highest average age of 44 years. The Chipata group had an even distribution of gender and also had the lowest average age of 40 years.

Most of the participants (75 percent) were married, 12 percent were widowed, eight percent were single and four percent were divorced or separated. The relatively high proportion of widows in the sample is a reflection of a general trend in this age group in Zambia.

Table 2: Sample profile

Region	Gender		Average Age (Years)	Marital Status			
	Males	Females		Married	Single	Widowed	Divorced/ Separated
Lusaka	1	14	44	13	0	1	1
Chingola	6	10	42	12	0	3	1
Chongwe	6	12	43	11	3	3	1
Chipata	11	13	40	19	3	2	0
TOTAL	**24**	**49**	**42**	**55**	**6**	**9**	**3**

Deviations from frame

As stated above focus groups were to consist of loan group leaders but due to various reasons, such as late notification and prior commitments, some group leaders instead sent representatives who were regular group members. Fourteen percent of the participants in the FGDs were regular members (Table 3). Lusaka and Chingola had the highest percentage of such representatives, 20 and 19 percent respectively. Chongwe and Chipata had 11 and eight percent respectively.

Table 3: Type of VF clients in FGDs

Region	# of Total Participants	# of Group Leaders	# of Regular Members (representing group leaders)	Percentage of Regular Members
Lusaka	15	12	3	20 %
Chingola	16	13	3	19 %
Chongwe	18	16	2	11 %
Chipata	24	22	2	8 %
TOTAL	73	63	10	14 %

Our observation is that participants who were regular loan group members were knowledgeable and therefore their participation did not adversely affect the quality of discussions and findings.

Interview sample

The sample for the IDIs targeted four key segments of respondents in each of the four sampled regions:

- Zoona agents at selected locations;
- Zoona key employees at Lusaka head office;
- VisionFund credit officers;
- VisionFund branch managers at selected locations.

MFO identified the sample with the support of VisionFund staff. After preliminary contact with the coordinators of the IDIs at various locations, the final sample frame was decided, as shown in Table 4.

Table 4: Sample frame for individual interviews

Respondents	Region I: Lusaka	Region II Chipata:	Region III: Chongwe[5]	Region IV: Chingola	Total # of IDIs
# of Zoona Agents	1	1	1	1	4
# of Zoona HQ staff	3	0	0	0	3
# of VisionFund Loan Officers	3	3	2	3	11
# of VisionFund branch managers	1	1	0	1	3
Total # of IDIs	8	5	3	5	21

Some adjustments were made to account for recent administrative and operational changes in VisionFund, resulting in staff transfers and field travel by staff during the period of the pilot.

[5] No branch manager was interviewed in Chongwe because the branch was reportedly incorporated into the Lusaka branch and the manager was transferred elsewhere.

FINDINGS - VISIONFUND

OVERVIEW

Several key findings about the impact of the CEBB program on VisionFund clients emerged from the research. It is significant that while VisionFund clients, credit officers, and branch managers expressed frustrations with the Zoona service, they remained overwhelmingly positive about the CEBB program itself as a tool for improving client attitudes, repayment and money management behavior, and lending outcomes.

The research showed that clients who participated in the study were overwhelmingly positive about the CEBB, and their main criticism was that they wanted more CEBB training. They found that the training helped them both to repay their loans, but also to manage their businesses better.

Branch managers and credit officers repeated this opinion, saying that the tools helped in changing the attitudes and behavior of clients as evidenced by the numbers of loans in arrears and better decision making by clients who applied for loans in prudent amounts that they were better able to repay.

Some credit officers also reported that particular clients developed better organizational skills and became better able to regulate their expenses and maximize on profits. The credit officers believe that this has increased their clients' ability to start saving voluntarily, including with banks and *chilimbas*.

VISIONFUND CLIENTS

The vast majority of participants reported that they had received consumer education from their loan officers. The general response by group leaders and group members to the consumer education that was provided by VisionFund credit officers was overwhelmingly positive. The consumer education also improved their opinion of VisionFund as an organization.

In general, participants appreciated the trainings and felt they were useful and worth the time it took to attend. In addition, they reported that they learned new and valuable things in the trainings and that they have applied those lessons to their businesses. Additionally, group leaders said that their members have applied the lessons of the trainings, and changed their behavior by becoming better at managing their businesses. They also stated that the training was helping them repay their loans and save money. Some group leaders also mentioned that in their meetings without credit officers, members discuss the trainings among themselves and reinforce the messages as a way to improve the overall repayment rates of the group.

Some participants also said that the CEBB program has increased their appreciation and trust of VisionFund, and one stated that it influenced her choice to remain as a customer.

Research participants had some suggested changes to the CEBB trainings provided by VisionFund. Primarily, they requested to receive more. Additionally, some would have preferred the use of a different color scheme for the posters and the use of larger print, and a few wanted to have materials printed in Zambian national languages.

Exposure to VisionFund Consumer Education

A majority of the VisionFund group customers who participated in the field research had received some consumer education from their credit officers, as planned. This was true across the four branches that were sampled across the country. Table 5 lists the exposure that FGD participants reported prior to participating in focus groups.

Table 5: Participant exposure to VisionFund CE from a credit officer

Branch	# of Participants who received VF CE	# of Participants who did not receive VF CE	Total
Chingola	14	2	**16**
Chipata	23	1	**24**
Chongwe	18	0	**18**
Lusaka	14	1	**15**
Total	**69**	**4**	**73**

Table 6: Estimated number of clients trained in sampled branches

Branch	Average # of members per group	# of Groups in Region	# of Members in Region	# of Groups Trained	Est'd # of members trained
Chingola	11.7	255	2,980	12	140
Chipata	8.9	144	1,287	48	429
Chongwe	8.3	498	4,155	36	300
Lusaka	8.3	724	6,032	16	133
Total	**8.9**	**1,621**	**14,454**	**112**	**1,002**

Meeting timing

Groups were happy taking meeting time to discuss the program, and most groups said that their trainings took about an hour, though the estimated time ranged from half an hour to two and a half hours. There were some differences of opinion in terms of how long the meetings should last to avoid taking too much time away from income-generating activities, but there was general agreement that members valued the CE enough to devote more meeting time to be trained further.

Poster use and recall

All groups except those in Chipata reported that they were exposed to the posters in trainings with their VisionFund credit officers.[6] The participants generally showed good recall of the CEBB messages that credit officers delivered when showing the posters to groups. They tended to recall messages about managing their businesses, repaying their loans, and saving money.

A group from Lusaka recalled the following when they were shown the poster about good and bad loans:

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[6] The VF credit officer interviewed in Chipata reported that he used the posters with clients, but the branch manager admitted that the posters may not have been used. Clients reported that none of them had received activity books until the days or hours before the FGD. This suggests that the materials were not distributed as planned, but based on conflicting reports it is impossible to determine whether this supposition is true or not.

A: The [credit officer] told us about the good loan, in that the loan is supposed to boost the business. When you also have your own capital you just add on (using the loan). Also (we learned) to use the loan properly and also you look at the period (to know) when to get the loan. You look at the savings you have to know how much you can borrow.

B. Also we were told not to get a loan to pay for another loan. This will become a problem for you when you fail to pay back.

C. We were also told not to get a loan to buy unplanned things, but to use it according to your plan. We were also told to record all expenses and to calculate the profits after you have sold your goods.

This excerpt shows that the participants recalled several messages from the training, including how to use loans to complement business capital, how to use the loan period to calculate the proper time to take credit, how to calculate how much to borrow based on your current savings, and why to track income and expenses. Participants in other FGDs mentioned similar messages reflecting a high degree of retention of the content of the training.

Activity book distribution

While nearly all participants were exposed to the posters in their meetings with credit officers, activity books were not distributed as widely. In Lusaka, Chongwe, and Chingola, most groups received activity books, but in Chipata, participants reported received activity books immediately before FGDs.

Response of Clients to VisionFund Consumer Education

Group loan clients participating in the research praised the consumer education program delivered by VisionFund credit officers, and felt that the information was new to them. In particular, they felt that the training helped them to improve how they use and repay their loans, better manage their businesses, and set aside savings. Several individuals also noted that the training increased their trust of financial services and encouraged them to take further loans with VisionFund.

Positive responses

Participants were very pleased with the ability that they feel they gained from the training to manage their businesses better. Several of the participants were positive about messages that equip them to effectively repay their loans with VisionFund and to improve relations within their groups and between the group and VisionFund. They did not tie these improvements in relations to any specific messages but to the generally increased ability of members to manage their loans.

Importantly, participants felt that lessons about handling loans were applicable to their ability to manage their businesses. In this way, many of the CEBB messages served the business goals of participants (increasing the viability of their business ventures) and VisionFund (lowering default rates). They were not, in other words, interpreted as lessons that would only benefit VisionFund. For example, in one Chongwe FGD, a participant discussed learning about how to spend loan money:

What the [credit officer] trained [us in] that we liked was the advantages and disadvantages of the loan. Some people get the loan without knowing what to do with it, and they buy lounge suites and television sets instead of investing in their business. We were also advised against borrowing from different sources which causes problems in servicing the debt.

The lesson the participant learned was to always have a business goal in mind when taking a loan, rather than taking the money and deciding what to do with it later, potentially falling into the temptation to spend it on unnecessary expenses. Two participants in Chipata mentioned that the training helped teach them about how to use a loan in building a business:

A: We were taught that when you start your business you should have a little bit of your own money and use the loan to top up.

B: Also we need to know each other well so that we don't get into problems on repayment.

The messages they appreciated were to use capital as the basis for the business and use a loan to provide for growth. They were also reminded that doing so will help the other members of their group by ensuring the repayment of their loans and the possibility to receive new ones should the group return for another cycle.

Participants also found value in the training that helped them in more ways than just managing their credit. A participant in Chipata outlined how the training was helpful in changing her prior business practices:

The training was good for me because it opened up my mind. I used to just carry on the business like I (would) order goods for K50 or K60. (Then) when I (would) sell I (would) just use the money. When I (would) want to order again I (would) find that I am short of money and I (would) have to borrow money to order because I have used part of my capital. But now after training I changed my system I use only profit for expenses and reinvest some profit in the business and my business has grown.

The lessons from the program helped her to plan how to make her business self-sustaining through the reinvestment of its profits, making it possible for the business to not only survive but to grow as a result.

While the bulk of the positive comments that participants had about the CEBB concerned applying lessons to improving their business ventures, some also found other money management benefits, particularly learning about saving money. Participants often linked these lessons about their personal money management to their positive feelings about VisionFund for providing them with the training. For example, in a Lusaka FGD, one participant noted that the information clients received about savings was new and valuable:

We were happy to be received well at VF and also we learnt about putting money in the bank, we didn't know how to do this. We were very happy.

Clients rightfully identify VisionFund primarily as a lending institution, but the CE provided them with information that they perceived as added value. This was reflected in their comments about VisionFund. One Chingola participant put it this way:

I was very happy and that is why I have stayed a long time with them. When you learn how to manage the money you will have better chance of making a profit in your business. I didn't know before but now I have knowledge about how business should be.

This participant indicated that she has a longstanding relationship with VisionFund, but the CEBB seems to be an example to her of the value that VisionFund places on making its clients happy. She perceives the training as new information about how to make her business thrive in conjunction with VisionFund.

While participants seem to have had a positive view of VisionFund prior to the program, based on their comments, the CEBB program also seems to have had a positive impact on their trust levels towards financial institutions in general and banks in particular. A Lusaka participant had this to say:

Also the way that they were teaching us was good, especially when they talked about the Zoona service. Before we were scared of even going into the bank.

The program was not specifically intended to improve client trust of financial institutions, but it reduced the ingrained fear that many low-income consumers have of financial institutions helping them to better control their finances.

Credit officers as trainers

Credit officers are primarily tasked with loan generation, maintenance, and collections, and while they have some training functions with new groups, the CEBB program required them to take on new responsibilities. Group borrowing participants who participated in the FGDs all felt that their COs handled the training well. They had particular praise for the people skills of the credit officers. For example, this participant in Chipata felt that the credit officers behaved very appropriately during trainings:

The training was done very well and friendly they take us the way we are adults but with less knowledge. They give us respect when conducting the training and talk to us nicely.

Other participants made similar comments, which seem to indicate both that many if not most VisionFund credit officers are capable professionals, and that the specific CEBB training they received equipped them to communicate well with VisionFund group customers.

Improvements to the CE program

In some FGDs, participants were unwilling to offer anything that they disliked about the VisionFund CEBB program. Instead, in five of the eight FGDs, participants specifically asked for more training. The most significant comment, from one participant, was that the curriculum offered unpractical guidelines on credit by mandating that loan money should strictly be used for business purposes.

In Chingola, a participant summarized the opinion of many across FGDs by explaining their views on the amount of training that they received:

> *The training was very encouraging for our members. The only thing that did not work well is the number of times. We would wish that this training would continue for more times.*

Again, there were others who felt similarly in FGDs across all branches.

The one significant critique of the content was expressed by a participant in Chongwe:

> *Well I had just one problem, even if you have a problem like a funeral or sickness you should not touch that money it is for paying back the loan. I thought this was not right if I have a problem I cannot use this money.*

This critique was isolated, and ultimately it is of course up to individual participants to make use of the training within their own personal and financial contexts.

Poster responses

The posters were generally well received. Participants praised them for being "clear," "very easy to understand," and "attractive." They recognized that the pictures complemented and reinforced the text. While they did not like the picture of the woman with the bad loan, it was clear from their comments that they understood that it represented someone whose business practices were undesirable. Some participants in Chingola also praised the colors used in the poster:

> *A: The color green means progress, it means that there is progress in your life.*
>
> *B: We also like the color white, it means brightness in your future that is when you get the loan then your life will be bright and happy.*

The colors were generally acceptable to participants in Chingola and elsewhere, and the messages, as explained above, were clear to participants in conjunction with the credit officers' instructions.

However, there were some negative comments about the posters. In both Chongwe FGDs, participants stated that they would have preferred a blue and white poster, arguing that blue "is the color of happiness and white the sign of brightness or progress." In one FGD, participants felt that real pictures, not cartoons, would have been better, and that the print on the posters should be larger.

Activity book responses

The activity book was also received warmly as "attractive" and "easy to understand." As one Chongwe participant said:

> *It is a book to use for learning especially for us youths and women on how to manage the business. So the pictures and everything is simplified that anybody can understand.*

A Lusaka participant also pointed out that the book can be used after a training session is completed, to facilitate recall and reinforcement of training messages:

> *Why I like this book is that it was given to us to refer to it time after time so even if you forget you can go back and refresh your memory again. It can be used to control ourselves.*

Use of the book after trainings was also facilitated by the "basic English" that was used in writing it.

There were two isolated complaints about the activity book, both from Chongwe FGDs. In one, a client complained that the text was too small to be read, and in another, a participant asked for the book to be written in a Zambian national language to facilitate fuller understanding of all the messages.

Summary

Participants in the assessment were overwhelmingly positive about the consumer education program and felt that it positively impacted their ability to repay their loans, manage their businesses, and save money. It also increased their trust of and positive feelings towards VisionFund by making them feel valued and more capable of meeting their obligations as borrowers from VisionFund. Participants were also pleased with the way that credit officers led the trainings. The posters and activity books were also well-liked, though some participants were divided on the poster color schemes and not all participants received the activity books in a timely fashion.

VISIONFUND – STAFF

Branch Managers

The three VisionFund branch managers who were interviewed had served the organization for an average of two and a half years, and they joined the organization because of their passion to work with the less privileged and the organization's focus on empowering that segment of the population. This motivation was cited by branch managers as a reason to support the sustained rollout of consumer education initiatives as a transformational tool.

It should be noted that the response of branch managers to the CEBB program was sometimes colored by their feelings about the success of the Zoona-VisionFund partnership in providing clients with loan disbursements in an efficient manner.

The transition from loan disbursements via credit officers to dispersing via Zoona, and now through banks, had two main benefits for VisionFund staff and credit officers. First, it reduced the time needed

to disburse loans as it is disbursed directly from the head office rather than through branch managers and then credit officers. Second, it reduced the risk of theft and fraud by eliminating the handling of cash by branch staff and credit officers.

Branch managers noted some challenges in using the Zoona payout system, notably when disbursements were issued to clients in the same group on different days, affecting their repayment schedule, and when agents did not have adequate cash to provide disbursements to all clients in a group, which cost clients in transport costs and time away from their businesses.

Still, branch managers were able to identify benefits and challenges of the CE program apart from their response to the use of Zoona.

The purpose of consumer education

According to the branch managers, the consumer education program enhanced the knowledge and exposure of the VisionFund clients to financial issues, enabling them to improve their businesses, through the proper planning and use of money. The branch managers felt that the training helped to improve the clients' ability to make informed financial decisions during loan applications. In Lusaka and Chingola, managers pointed to this improved ability as the reason why some of the customers opted to not increase the amount of their loans in the second and subsequent loans in spite of their eligibility for an increase. This knowledge helped clients avoid over-indebtedness and reduced the pressure for clients when paying back loans.

For branch managers, consumer education served several purposes:

- It educated clients on saving, repayments, and tracking income and expenses, easing the work of the branch because it improved their understanding of loan policies and processes and reduced delinquency rates;
- It proved valuable to branch managers personally because they enhanced their knowledge and skills on financial matters such as saving;
- It provided credit officers with the capabilities necessary to facilitate training sessions and increased their knowledge of financial matters, which increased their motivation for their work.

Credit officers as trainers

Branch heads reported that credit officers had proved capable as trainers of consumer education. One branch manager had sampled 30 percent of trained groups and determined that the officer had trained the clients well. However, branch managers acknowledged that staff differ in their capacities and each delivered the training differently. Based on this understanding, some said that relying on credit officers to deliver consumer education in addition to their other obligations should be rethought. One branch manager put it this way:

> *When clients would complain that they had not been told to go with their NRC (National Registration Cards) or phones to the agents, I knew that this was an indication that maybe*

officers were busy and the workload is too much that they easily forget to train on small things that are very important to customers accessing the loan.

Similar thinking led some managers to suggest that the training should be carried out by experts dedicated to training, in order to ensure the quality of the consumer education and allow officers to focus on their core responsibilities such as recruitment and delinquency management.

Response to consumer education program

Branch managers were positive about the consumer education program, especially after they had received training on the purpose and implementation of the curriculum as it enabled them to understand the program and better support credit officers. Branch managers felt that the CEBB program was in line with the organization's aim of empowering community members through interactions with VisionFund.

According to branch managers, some of the positive aspects of the program for clients included:

- Providing clients with knowledge on how to use money in running a business while challenging them to be accountable in managing borrowed money;
- Improving VisionFund's repayment rates as clients applied lessons about money management and their businesses;
- Helping clients realize that just as the world was adopting technology and moving from the use of manual to electronic systems, technology was now part of their interaction with VisionFund, and that Zoona would allow them to send money faster and more cheaply;
- Increasing their knowledge of saving methods other than at home and in groups, leading them to begin saving in Zoona and in banks.

While the benefits of Zoona to the branch managers mentioned earlier cannot be attributed to the consumer education program, the training did support this transition in two key ways. These included:

- Enhancing awareness of what Zoona does and what its processes are, which helped clients understand why there are challenges in using the service, leading to more tolerance in the face of persistent difficulties;
- Improving the personal security of credit officers and staff because the community is now more aware that VisionFund staff do not carry cash.

Branch managers also noted several challenging aspects of the CEBB program, which included:

- The content of the CEBB program was considered lengthy and more detailed than the VisionFund pre-loan orientation, requiring considerable effort by the credit officers. It took a long time of an officer's daily schedule, which was not viewed positively. One manager suggested shortening the content and presenting it as a one-day workshop covering all the topics rather than spreading it out over a number of days.

Overall, the general opinion of branch managers concerning the program was that it was beneficial and valuable for the organization. The CEBB program was also valued as a complement to the training by VisionFund that is normally conducted at the branches. This pre-loan training is not as formal and

structured as the consumer education training, and includes topics such as customer care and delinquency and was carried out to enhance branch operations.

Training by credit officers

The initial group trainings by officers occurred in November 2012, once clarification on the initiation of the trainings was formally communicated to all branches.

At the time of the research in March, an average of 70 percent of all groups had been trained in the sampled branches, (about 20-30 groups per officer). Branch managers acknowledged that while the full eight training sessions were covered in some instances, they estimated that most groups were exposed to an average of four sessions. The managers reported that training occurred on the following consumer education topics: savings, good and bad loans, income and expenses and transacting with Zoona.

Most officers found it difficult to do the trainings in sequence. In one branch, officers preferred to combine the sessions into one because they thought that there were too many sessions and that the training overall was too long. Branch managers were therefore uncertain in such instances whether actual behavior change was attributable to the training. They suggested that follow-up training in the group meetings making continuous reference to the training content and encouraging clients to apply the concepts would be more likely to lead to desired behavior changes.

Response to consumer education tools

During the consumer education training, the following tools were used to train clients and monitor training rollout:

1. Posters
2. Customer activity books
3. Reporting forms

The branch managers reported that the training tools were useful in enhancing the understanding of clients and made training easier and quicker than it would have been without them. Specifically, they said the following about the tools:

- **Posters**: Branch managers reported that the posters were colorful and appealing. In meetings they helped to maintain the attention of clients and triggered discussion. However, the use of English and a small font made it difficult for many clients, especially the illiterate ones, to engage in discussion. More use of local languages was advised.
- **The customer activity books**: The books were distributed to clients in meetings and served as a reference point for them after the conclusion of the training. Branch managers, however, admitted that the first clients trained first did not receive books because of lack of clarity on whether each customer was supposed to receive a copy (e.g. in Kitwe). However, following clarification, all the other groups trained received books and were trained using them. (Note: clients in the Chipata FGDs reported that they only received their activity books in the days or even hours prior to the FGD meetings).

The branding on the training materials evoked differing opinions. Branch managers reported that in the areas where groups were most affected by challenges in using Zoona, the apparent emphasis on Zoona in the branding of the customer activity books and posters actually invited clients to discuss the shortcomings of Zoona during trainings, rather than focusing their attention on the actual session topics (e.g. savings or budgeting).

Client response to consumer education: Impact and Changes

Client training in various sessions in the consumer education program has had an impact on the behavior of customers, according to the branch managers. The positive changes and impact have included:

- An enhanced understanding of the documentation process of accessing loans through Zoona; specifically, customers understand the need to bring their identity cards, the National Registration Cards (NRC's) and one time Personal Identification Numbers (PINs) when accessing loans. This has eased the number of complaints that branch managers receive.
- Clients now understand the model of loan disbursements through Zoona rather than through officers, in addition to understanding how to save in banks and not at home.
- Clients have acknowledged the impact of the training on their businesses following training by VisionFund in various aspects, such as their money management capacities and ability to distinguish between business and personal expenses.
- Positive changes in client skill and behavior on how to use loan funds following the session on good loans and bad loans. As a result, branch managers reported that clients used loan funds in businesses, rather than relending these sums to friends. This in turn improved loan repayments and client engagement with officers, as they no longer hide from credit officers after receiving or misusing loans.

> *Some (clients) who were positive were able to show results and even invite us to their homes to see what their achievements are. – Branch manager, Chingola*

There are however some challenges that customers had following rollout of the training. It must be noted here that customers associated these challenges with their difficulties in using Zoona, such as the need to use a cell phone to access their loans, which is a barrier for many who feel that they are being punished for their perceived lack of education. The persisting challenges faced in using Zoona diverted clients' attention from the actual training to clients discussing the challenges they were facing in accessing their loans in timely manner.

With that in mind, there may have been some challenges related specifically to the CE program in the eyes of VisionFund staff. One branch manager stated that 80 percent of VisionFund clients are women, and he felt that they had difficulty dealing with the topics of income and expenses.

Changes in meetings with loan groups

Providing consumer education training affected loan group meeting schedules, which were realigned to accommodate the training. Before consumer education, credit officers met with groups for an hour once

to twice a month depending on what service was being provided by the officer. With the rollout of consumer education training sessions, group meeting times were increased on average from one hour to two hours to facilitate training. Very few branches increased the number of times that officers would visit groups, with most opting to lengthen the meeting times to train on consumer education.

Response to and use of Zoona

According to the branch managers who were interviewed, Zoona was used for disbursement of loans in November 2012 (see Table 5 for a listing of information that was available on the status of Zoona services in each VisionFund branch at the time of the study). The training sessions enhanced client awareness so that they were able to use Zoona beyond the receiving of loans; i.e. clients reported sending and receiving money with some, in Lusaka, repaying loans through Zoona.

Currently, customers in Chingola and Kitwe are still having loans disbursed through the Zoona mobile system, because the services were seen to improve after November 2012. However technical hitches still exist and clients remain unsatisfied. The most common challenges cited are:

- Issues with the lack of receipt of onetime PINs, leading to delayed payments;
- Network downtime interrupting access to the loan disbursement system, resulting in the inability of agents to disburse funds to customers on time;
- Agents' constraints in cash flow, especially when they receive VisionFund clients in groups, because of inadequate float to enable them to disburse loans;
- The location and size of the agent booths continued to trigger client complaints of standing in the open for long while awaiting disbursement of funds, at the mercy of the weather elements. Clients also complained that the booths were too open and insecure, exposing them to potential incidences of theft.

Branch managers managed to rectify some of the issues at branch level, leading to continued provision of services through Zoona. Those resolved at the branch included the confirming of client identities with agents, when clients would not have the NRC. In addition, managers advised clients which agents to use, depending on the quality of service delivery, and liaised with agents on how to deal with the clients. Other issues were escalated for centralized resolution at the head office.

Credit Officers

Eleven VisionFund credit officers and senior credit officers with an average of two years experience each were interviewed during the assessment. The officers outlined their main duties as client recruitment and training, business assessment monitoring and follow-up of group and individual payments of loans. When queried on the main motivation for working for VisionFund, the officers revealed that they were attracted to the working environment and the Christian ethos behind VisionFund, and were glad to get the opportunity to work with economically challenged and underprivileged people with the objective of changing their lives. The opportunity to participate in training gave most of them a tool to achieve this motivation as is highlighted below.

Past consumer education experience

A credit officers' work responsibility VisionFund includes client training, and the credit officers reported that this has been ongoing as part of client preparation to receive loans. The training covered general business management and loan operations procedures, and was geared towards ensuring that loan repayments were done by clients.

The program with Zoona was the first structured consumer education program that officers had experienced, and for them it added value to the already existing program. However, they still considered it an initiative parallel to their main responsibilities with VisionFund, which had definite timelines and would come to an end, rather than as an integrated program.

Purpose of consumer education

More specifically, credit officers stated that the main objectives of consumer education for customers were to:

- Enable customers to manage their money by providing knowledge on how to keep records and distinguish between business and personal records, and how to save;
- Help customers repay loans by distinguishing between good and bad loans, deciding how much to borrow, how to use the loan funds and understanding the importance of repaying their loans;
- Train customers on how to make their businesses profitable, manage their income and cut expenses;
- Enable clients to learn how to use the money that they got from the business by practicing skills such as saving. Clients found this skill training to augment the knowledge they gained about loans, which served to improve their lives.

Credit officers reported that as a result of the training, clients became responsible business people. These perspectives can be summarized in the following quote:

> *Consumer education means helping our clients understand their money, i.e. what the money can do for them and what they cannot do with the money through understanding their income and expenses at personal and business level, as well as to understand the consequence of heavy borrowing…* (Credit Officer, Lusaka Branch)

The officers explained that for them, the purpose of receiving training and training their clients on consumer education was to:

- Provide a tool for them to use to transform the lives of clients in line with the organization's vision and mission;
- Enable them to gain an understanding of the needs of the industry they work in to expose clients to more than training on loans.

> *I never had a course in consumer education in my entire career. The training also gave me an opportunity to change my perception on Zoona as a mobile transaction company. I now understand what Zoona is.* (Credit Officer, Lusaka)

Most credit officers agreed that they were the most appropriate people to deliver consumer education for microfinance clients. Credit officers felt that because of their constant interaction and close relationship with clients, they knew and understood their customers' training needs, and could tailor trainings to address areas of most concern to their groups. More specifically:

- Credit officers felt bound to ensure their clients' ability to manage money and repay the loan. The training on consumer education provided a way of fulfilling this obligation.

- Their motivation to see customer businesses and livelihoods improve further increased the feeling of responsibility to provide training on money management and loans.
- Credit officers agreed that there was value in training their customers, because trained customers are more likely to repay, easing the work of the credit officer.
- Credit officers felt that clients would trust training from them because they trust credit officers as their primary loan servicers, who would therefore provide relevant financial advice.

On the flip side, credit officers had concerns about the constraints on the delivery of training. Their main concerns were:

- Credit officers wanted to feel fully involved in the development of consumer education training in order to ensure the incorporation of their ideas. They felt that their full involvement would make the program more practical and give them ownership over its content and delivery.
- Credit officers' workloads limited their ability to prioritize consumer education and offer fully effective training because of their competing responsibilities such as credit assessments, loan monitoring, and managing delinquency. Most confessed that at times training took a back seat as they went through their other work assignments.

Credit officer response to consumer education

In explaining their thoughts about what they felt worked well and what did not work well in the consumer education program that VisionFund was promoting with Zoona, 100 percent of the officers interviewed said that the program was beneficial for customers. They felt that the rollout of the program was well thought out, making it beneficial because information was delivered in a step by step manner, especially for groups who were waiting to get loans. They also noted that the content of the consumer education sessions helped to transform the mindset of their clients with regard to financial matters.

While some officers did not adapt the curriculum schedule exactly as planned, they did appreciate the following aspects of the CEBB training program:

- The curriculum was simple to follow and understand, and contained practical examples that they could use in training, especially on debt management.
- Loan officers acknowledged that the recommended pace of rollout [session by session] was the effective in passing the key messages, since it fit within the meetings and was provided as several sessions rather than as a day-long training. However, this did not necessarily fit with the other requirements of their job, as described below.
- The officers said the program was well thought out with regard to quality of the training tools, such as mentioned the posters, the customer activity books and the training they received as officers to prepare them to train clients.

Clients were at ease with the program and commended officers for the discussions on money and loan management. More specifically, after training, officers found that:

- Clients understood the way the Zoona system operates and the process and requirements for receiving loans in addition to other Zoona services e.g. sending money.

- Clients understood financial concepts such as planning and budgeting, keeping records, and saving. Those who had yet to receive their first loans paid special attention to the content on good and bad loans which they applied to their situations.
- It also helped to promote the concept of saving slightly, as this is still not a generally accepted thing in Zambia because low-income people in the country often feel that they are not able to save.

> *What went well is what I would call maybe financial management or money management where (clients) really have learnt to manage their income, save, planning how much they get from their business and other sources of incomes, and the importance of conventional banking as opposed to saving at home. People showed interest in the money management content.* (Credit Officer, Lusaka)

The trainings helped credit officers in their jobs by improving their relations to their clients, helping them to explain Zoona, improve loan repayment rates, and manage delinquencies and defaults:

- The training provided credit officers with a tool to help them engage with customers on other important aspects of their lives other than their VisionFund loan repayments.
- The consumer education program gave credit officers the opportunity to help clients appreciate and use Zoona while officers sought to resolve the challenges that customers faced, e.g. by identifying and recommending more effective Zoona agents where they were available.
- The program eased their work as credit officers because loan repayments improved following training on how to budget and to make decisions about when to borrow.

> *The training first opened my heart and mind to… the way one manages the home …because one has money… but uses it badly. It has really helped me with my family.* (Credit Officer, Chipata)

The consumer education program was also beneficial because in some cases it assisted in delinquency and default management. An officer in Chipata cited a PAR (Portfolio at risk) of about 72 percent in the far flung areas, which reduced to 5 percent following training in consumer education among other measures, as clients understood the issues around good and bad loans.

Additionally, the content of the CE program was new to credit officers in their personal lives, and they learned practical ways of saving and budgeting, enabling them to practice what they taught their clients and making them role models.

The credit officers all expressed their views on what could have gone better, citing the following key areas in particular:

- They felt that the training emphasized the introduction of Zoona services, but because clients had still not fully adapted or accepted some aspects of this technology, their resistance compromised the rollout of consumer education.
- Rolling out consumer education for groups that had already received funding was not effective because of poor meeting attendance. One of the main attractions for attending meetings by

clients is to qualify for and access loans, and once this is achieved, clients make excuses not to attend meetings.

- VisionFund credit officers faced constraints in managing time, and often felt obligated to divert their attention to recruitment, loan appraisals and collections, and default management at the cost of effectively training clients.
- Credit officers felt that at times they were not doing proper justice to the sessions in group meetings because clients requested more training, delivered in the 'workshop'' style that they were used to with other ''trainings''. They are accustomed to class based trainings from World Vision training sessions, which generally includes the following components; a trainer who facilitates a training session, a training venue e.g. a hotel, and longer sessions, up to a full day. In fact, research participants thought that the focus group discussion held during this particular evaluation was a 'training' where the FGD venue was a hotel. An initiative may be necessary to reorient loan groups to the value of other forms of training delivery, for example as part of group meetings.
- The operational challenges that affected the loan disbursement system between Zoona and VisionFund did not reflect the description of the disbursement process in the CE program. Delays in disbursement therefore increased customer dissatisfaction and led to distrust of the truthfulness of the sessions.

> *What didn't work well was the part about Zoona because at times when the clients went to collect the loans, they found that the Zoona agent had a threshold, which, when reached, meant no disbursements, no matter how many clients there were, with some having come as far as 50km away.... Some people used to spend nights, even three days'.* (Credit Officer, Chipata)

The credit officers were quite optimistic that they would continue with training, because the overall impact was positive and the challenges were short term and would be resolved:

> *I will continue with consumer education... because the trainings help to enhance our recovery rates and also improve our customers' lives and businesses.* (Credit Officer, Lusaka)

Consumer education experience with groups

Most Credit officers commenced consumer education training for their groups in November 2012, and to date cited training an average of 25 groups each, or approximately 75 percent of their groups. Most groups have received training on the following 4 sessions:

- Debt management: Bad and the good loan;
- Tracking business and household income and expenses;
- Zoona operations, i.e. the Zoona account, How to receive and repay loans;
- Compare ways to save.

There were delays in commencing training in some branches, such as Chongwe, as the branches waited for delivery of training materials and clear communication on how to proceed with training. There were

instances when the training was not carried out intensively due to conflicting priorities. For example, between December and February training was affected by the rebasing of the Zambian kwacha and government regulations on interest rates, which caused operational difficulties for VisionFund. There was minimum loan disbursement during this period, and some clients were not willing to receive training without disbursements.

Credit officers reported that in some branches there was no longer intensive training on some of sessions, particularly receiving and repaying loans with Zoona and sending money with Zoona, because the branches are no longer using Zoona to disburse loans. Some officers felt that the training should focus on activities that participants could practice within the VisionFund model and service offerings. For example, they felt that loan group members gained immediate benefits from the session on good and bad loans as it was easy to apply to their experience with VisionFund. By contrast, the session on saving was not as obviously practical to some officers, as VisionFund provides no savings provision directly to its loan group members. Also, while the Lusaka officers felt that the session on tracking money was useful, some officers at rural branches felt that the tool was not easily comprehensible to their illiterate clients.

Consumer education tools

Credit officers were unanimous in their appreciation of the training tools as useful in disseminating consumer education content. Credit officers reported minimal challenges in training clients because the tools aided in communicating the key messages and in engaging clients in discussion. The tools also helped in changing of attitudes and behavior, evidenced according to the officers by a reduction in the numbers of loans in arrears and better decision making by clients in relation to applying for loans in relation to the capacity of their businesses to repay.

The officers used posters, customer activity books, and trainers' manuals to train. Credit officers carried the posters to the groups using their motorcycles and/or bags, and hang them on any available space, and then used poster after poster to take clients through the sessions. The books were useful as a complementary tool to the posters. Officers distributed them to clients, and used them alongside the posters as clients followed in the books what the officer was training with the posters. The officers would ask the clients to turn to a particular page and would then proceed to facilitate the session using posters.

The following comments came up about the effectiveness of each tool:

Posters

- The posters were considered the most effective and appropriate in that they were portable and practical because of the use of pictures, which helped clients – especially illiterate ones – understand financial capabilities concepts easily.
- The posters on good loans and bad loans were the most used.
- Credit officers found the posters to be practical to use because they convey information quickly, and are cheap in the long run because the durable materials used to make them ensure them a long lifespan.

Customer activity books

- The use of pictures and diagrams in the books facilitated understanding, especially with the difficult topics e.g. the income and expenses session.
- Credit officers found that the activity books received a mixed response from those who were illiterate. Some officers reported that the books intimidated some illiterate clients, who were reluctant to participate in the training, though like other clients they also wanted to get a copy of the books. Other officers said that illiterate clients often asked their family members to read for them. One officer reported training a client's son on the activity book so that he could help his mother put into practice what they had been taught during training.
- Most officers felt that local languages should be used in the activity books, because they said that clients in Zambian communities do read in their local languages, for example when reading bibles and singing using hymn books written in local languages. Recommended languages varied by region:
  - For Lusaka – Nyanja and Bemba
  - For Southern province – Tonga
  - For Copper belt region– Bemba
  - For Solwezi – Kaonde

Staff training manuals

The training manuals were used by the officers as resource materials and were useful in that they helped the officers internalize the consumer education content and train without challenges. One officer explained:

> *I have the content of the sessions on my finger tips so I was able to use the posters without reference to (the) manual. I had no challenges with the sessions.* (Credit Officer, Lusaka)

In addition to the content in the manual, officers localized and adapted some sessions through relevant scenarios, or by teaching in local language which helped clients understand and implement what they learned.

Client education sessions

Training sessions

Officers were divided in their response on whether they trained clients on all 8 consumer education sessions, with some asserting that they trained some groups in all sessions, and most groups in an average of 4 sessions. The officers said that the following sessions were the most useful from their point of view:

- **Debt management: good and bad loan:** This session was useful because it guided clients in making decisions on the right size of loan to access, resulting in easier loan repayment and improvements and in the general livelihood of the clients. The session allowed clients to discuss their loan situations in an engaging manner.

- **Tracking Income and expenses:** This session helped officers explain the importance of separating household and business expenses. Some officers then required their customers to keep records which were useful in facilitating their loan appraisals.
- **My loan has arrived-Receiving loans using Zoona:** This session provided a step by step explanation of how to access loans using Zoona. It helped to reduce the anxiety and dissatisfaction when the client understood the process and requirements of getting a loan using Zoona.

Officers did not train on all 8 sessions because of the competing work priorities. Some officers thought that the training was too drawn out and should have been compressed to shorten the sessions to allow officers to train on all required sessions. For example, many felt that the sessions on Zoona should have been combined into one session and excluded information on the aspects that were not going well, so as not to create unrealistic expectations among loan group members. The suggestion by one branch manager was that the VisionFund operational training and the consumer education content should be merged, to ensure good use of time in training by the officer.

Challenging sessions

According to credit officers, the session on saving was challenging because while it was easy to talk about, it was difficult for clients to implement as VisionFund does not offer a savings mechanism, apart from the compulsory savings for loans. A few clients understood and implemented by opening savings accounts with banks, with Zoona and in *chilimbas* (informal groups which some believed are more profitable than the banks).

The Tracking income and expenses sessions was challenging for some illiterate clients who were not able to adapt the income and expense tracking tools in the session because they felt themselves incapable of keeping their own written records.

All officers admitted that the sessions on Zoona (Zoona account, receiving and repaying loans) became difficult to facilitate because clients often would find that in practice, the payment system had challenges as explained above. The challenge to the session would have been resolved if the issues surrounding Zoona could have themselves been resolved.

Sequencing

In facilitating the consumer education sessions, officers admitted that though they tried to follow the sequence of the training sessions, they stopped doing so and disseminated the topics as they seemed relevant to the clients. The sequence they generally followed for most sessions was as follows:

Session 1: Debt Management: Good and bad loans

Session 2: Tracking business and personal income and expenses

Session 3: Compare ways to save

Session 4: Receiving and paying loans through Zoona

Session 5: Managing challenges with using Zoona

Session 6: Other Zoona Services

The sequence was altered depending on whether a group was new to loans in VisionFund, or was an already existing group, because the two categories of groups had different training needs.

- For new groups, officers commenced training with VisionFund operational policies, followed by consumer education training beginning with bad and good loans, and completed by teaching clients on how to receive and pay loans through Zoona.
- For already existing groups, with experience with VisionFund, officers concentrated on consumer education training beginning with how to receiving loans through Zoona.

Credit officers recommended reorganization and merging of the content in the curriculum to ease the dissemination and flow.

Impact and response to consumer education

In the opinion of credit officers, consumer education training has positively impacted clients' ability to keep business records. Some officers report that they have seen certain clients become better organized and able to regulate their expenses and maximize on profits. This has increased the clients' ability to start saving voluntarily with some saving with banks and *chilimbas* and applying for prudent loan amounts. Credit officers have begun asking customers for these business records as a part of their commitment to embed behavior change in trained clients.

The training sessions also impacted the clients' perception of credit officers, who were considered helpful and concerned for clients beyond the process of providing loan facilities. Some groups reacted by saying the training came late, and should have come earlier. Officers consider this as a positive impact showing the importance of the training for the customers.

Some officers saw a change in loan repayment patterns of clients following the initial training, as officers reminded clients of the loan management concepts:

> *I can give an example of a group in Ngwerere Compound north of Lusaka. I believe that the good repayment in this group can be attributed (to the) consumer education.* (Credit Officer, Lusaka)

The training led to enhanced client motivation and engagement with VisionFund, and improved group cohesion as clients interacted over the training sessions. A lot of the groups trained in Chongwe region were enthusiastic and excited with the training and looked forward to every session.

However, not all clients received the training with enthusiasm, and they were only interested in the training before receiving loans. After receiving loans there was lethargy in attending group meetings as clients attended to their business activities. Loan officers noted that some group members participate specifically to receive access to loans, and show a general disinterest in ancillary activities that are part of the group loan process, in spite of their orientation and other meeting activities. The response was not associated with any particular group characteristics.

Changes since consumer education

With regard to Zoona, officers reported that there are changes with regard to usage of Zoona. Clients understood the process of receiving loans from Zoona after the training session. This was evidenced by the fact that clients understood the processes, e.g. waiting for the one - time PIN, presenting the NRC, the reason behind going to the Zoona agent as a group and where to go when there are challenges.

Because of client training on Zoona, the company's image was enhanced and there was increased confidence to use services such as money transfer and saving. In addition, the training eased client relationship and dealings with Zoona because officers advised clients to visit the Zoona booth when they came into town, to familiarize themselves with their operations. However, credit officers advised that there still needs to be a lot of improvement in the Zoona services to enhance customer experience.

Group meetings and consumer education training

Before consumer education training, credit officers used to meet with groups once a month, although groups meet on their own weekly. Officers did find it necessary to use different strategies to accommodate the added time that training required into their meeting schedules. Generally, the duration officers spent in group meetings increased to an average of 1.5 hours to 2 hours to provide adequate time to carry out the regular operational activities related to VisionFund, in addition to training on consumer education sessions. However, since the rolling out of consumer education, some credit officers changed their meeting frequency for a very small number of groups from once per month to twice per month, while most maintained the same frequency of meeting groups to once a month. Unfortunately based on the data gathered it is not possible to provide more precise information on the number or type of groups which changed the frequency of their meetings.

The increase in time spent in meetings provided opportunity for officers to train their groups, but also affected their time allocation for other tasks and responsibilities. Officers were in agreement that consumer education is vital to the company, because it positively impacted their portfolio, but recommended that dedicated staff carry out the training because of the time required to do it well and in a timely fashion.

FINDINGS – ZOONA

OVERVIEW

VisionFund clients and Zoona staff alike were positive about the consumer education campaign. Most but not all clients who participated in the research had the opportunity to receive loan disbursements through Zoona, and a small number also repaid at least part of their loans with the service. Most of those who were exposed to the tools at agent kiosks were receptive to the messages, though trainings by agents were brief. Zoona staff was positive about the consumer education, and reported that agents, many of whom were initially skeptical about the program, tended to be more positive after implementation because the training increased the understanding of Zoona procedures among VisionFund clients.

ZOONA EXPERIENCES OF VISIONFUND CLIENTS

Many, but not all, VisionFund clients who participated in the mid-pilot research had the opportunity to use Zoona services to receive their loan disbursements with their groups at a Zoona agent. A very small number in Lusaka had the experience of repaying their loans through Zoona agents as well.

Zoona Service Use by VisionFund Clients

According to the responses they gave to the SEP questionnaire, the majority of the client participants were offered the opportunity to use the Zoona service through a local agent to receive their loan disbursements. As Table 7 shows, all of the participants in the Chingola and Chipata branches received their disbursements through Zoona. About two thirds of the Chongwe participants and a handful of Lusaka participants did not receive disbursements through Zoona.

Table 7: Zoona Loan Collection Service Use by Participants

Branch	# of Participants who received loans through Zoona	# of Participants who did not receive loans through Zoona
Chingola	16	0
Chipata	24	0
Chongwe	7	11
Lusaka	12	3
Total	**59**	**14**

A much smaller number of participants reported using Zoona to repay their loans. All of them were clients of the Lusaka branch, meaning that, as shown in Table 8, no participants from the Chingola, Chipata, or Chongwe branches used Zoona to repay their loans.

Table 8: Zoona Loan Repayment Service Use by Participants

Branch	# of Participants who repaid loans through Zoona	# of Participants who did not repay loans through Zoona
Chingola	0	16
Chipata	0	24
Chongwe	0	18
Lusaka	3	12
Total	**3**	**70**

Overall, this means that most of the participants had experience with the same Zoona services.

Exposure to Zoona Consumer Education by VisionFund Clients

Overall, the participants in the study had little experience with the Zoona CE program, though exposure to the posters was greater than exposure to the counter sheets. The low level of experience is reflected in the response to the program, as described in the next section. While participant recall of the posters

was low, the fact that they strongly associated the Zoona CE materials to the VF materials suggests that the campaign materials did reinforce the messages presented in the trainings that participants received from their loan officers.

Participants were asked in the SEP questionnaire about their exposure to CE from a Zoona agent. As Table 9 shows, less than one-third of the clients reported receiving CE from a Zoona agent using either the agent poster or the counter sheet. The only branch where most of the participants did receive CE was Chingola, where over two-thirds of the participants received CE. In Chipata and Chongwe combined, only three participants received Zoona CE, while in Lusaka, just under half of the participants had received CE at their agent.

Table 9: Exposure to CE from a Zoona agent

Branch	# of Participants who received Zoona CE	# of Participants who did not receive Zoona CE
Chingola	11	5
Chipata	1	23
Chongwe	2	16
Lusaka	7	8
Total	**21**	**52**

Poster use

During FGDs, participants were asked about their exposure to CE posters by their Zoona agents. The majority of participants in all Lusaka and Chingola FGDs reported that their agents had shown them the posters, while most participants in one of the two Chongwe FGDs had also seen them. No Chipata FGD participants had been shown the posters by their Zoona agents. This suggests that poster use by Zoona agents was much more common in Lusaka and Chingola, not widespread in Chongwe, and infrequent in Chipata. However, it is unclear from the FGDs whether all the participants were actively trained by their agents in Lusaka or Chingola, or whether some merely saw the posters in an agent shop. Because lower numbers of participants reported receiving training from Zoona agents, it is likely that some of the participants did not receive agent training, but still recognized the posters from the shop wall, or similar presentations in the activity book.

Counter sheet use

Focus group participants were also asked if they had been shown CE counter sheets by their Zoona agents. No participants in Chipata had seen them, but some individual participants in Lusaka, Chingola, and Chongwe had. Very few participants were able to recall any messages from the counter sheets, though some recalled messages that they recognized from their loan officer training or from the activity books. This suggests that the counter sheets were used much less by agents than the posters, but it's not clear why that was the case from the participant interviews.

Poster and counter sheet recall

While the Lusaka and Chingola participants did not have a strong recall of the agent posters or counter sheets, participants across branches were much more likely to recognize images in the posters from their activity books. This suggests that the posters were successful in triggering visual recall of activity book contents. As the agent CE was planned as a channel to reinforce messages delivered through other channels, in this case the activity books, the fact that participants made this association suggests that the reinforcement mechanism did succeed in many participants.

Response to Zoona Consumer Education by VisionFund Clients

Because of the relative lack of exposure of clients to the Zoona consumer education, they did not have very nuanced opinions about the program or the materials, while opinions about the performance of Zoona agents were mixed. Because clients in Chipata were not exposed at all to the CE, they were not asked to offer opinions on the CE materials.

When asked what the most useful CE topic was, clients cited, in order, savings, Zoona use, and loan management. Clients in one Lusaka group said that all CE topics were important, while savings was appreciated across all groups in Lusaka, Chingola, and Chongwe. In Chingola and Chongwe, groups appreciated the material on Zoona use, while loan management was only cited in Chongwe.

> Participant 8: *Savings, because after your loan is fully repaid you have some money that you can use to top-up the next loan when it comes.*
>
> Participant 4: *...many people don't know about savings and this has really helped them in the running of their businesses.* (FGD Chingola)

While comments about money management issues were unequivocal, even comments favorable to the teaching of Zoona processes were tempered based on client experience with the service:

> *The ease to collect the money, this was the most useful topic but on the ground it was not the case, although now we just collect at Finance Bank not at Zoona.* (FGD Chongwe)

The Chongwe participant felt that the Zoona CE had the potential to be useful, but that the actual performance of the service and subsequent change of policy made it no longer useful. This echoes comments made about the VisionFund CE. Interestingly, when asked about the least useful Zoona CE topic, participants refused to name one. Instead they talked about the problems of the Zoona service

When asked about the quality of the training they received from their Zoon agents, the main response was that participants wanted a longer training.

> *Those people at the Zoona agent are always busy. That is why they don't have enough time for training clients, unless they come out of those booths to a workshop like this one.* (FGD Chingola)

Participants in Chingola were positive about the training, while Chongwe and Lusaka participants only requested more time.

> *The training went very well because they even encouraged us to have the culture of saving in our business and lives. He explained to us clearly and gave us opportunity to ask questions.* (FGD Chongwe)

These responses resonated with complaints elsewhere in the FGD that Zoona agents did not offer enough time to VisionFund groups when they were picking up their loan disbursements.

Participants did not have strong feelings about the CE materials themselves, but noted that they liked the colors, the simple layout, and the fact that they could be understood by people with relatively low levels of education. These responses echoed the responses to the posters used in trainings by VisionFund credit officers. The strongest opinions about the Zoona poster were given by a participant in Chingola:

> *Like we said before about the other VF poster, the way the pictures are arranged and the text it is very clear. It makes understanding easier. [But] maybe instead of cartoons they should use real pictures of people because it looks like something used to teach children.* (FGD Chingola)

The criticism of the cartoons was isolated, but it is noted here since it was the only negative comment about the Zoona posters. Otherwise, participants responded positively to them.

Participants were also positive about the counter sheets for the way they explained each step of the transaction process, but some participants complained that the fonts used were too small. Even though most had not seen them before, participants had more comments about them, though still more positive than negative:

> *It is good because it has a step by step procedure to follow even with pictures you don't follow the words you can just follow the picture steps.* (FGD Chingola)

> *It's okay but the words are too small for some of us to read. They should make it like a poster.* (FGD Lusaka)

Overall the response to the CE tools used by Zoona agents was positive, as it was for the Zoona CE program overall.

Zoona collections and use of other services

Participants in the FGDs had much more to say about Zoona operations than they did about the Zoona CE campaign, and while a few customers felt that the Zoona agents were welcoming, on the whole they identified a number of challenges to the VisionFund and Zoona partnership that affected clients. The specific problems that clients identified were waiting times, cash shortages, poor security, poor customer service, and the impatience of other customers (which is not the fault of the Zoona agent). In part as a result of these problems, very few participants had started using other Zoona services.

The clients who felt welcomed by their Zoona agent were in Chongwe and Lusaka. At least one participant in each of the four FGDs in those branches said that they felt welcomed. A participant in Chongwe said this:

> *In my assessment the reception at Zoona is good and the procedures are okay, especially if all the requirements are complied with. Then it is just a matter of the money being available.* (FGD Chongwe)

This is positive, but no participants in Chipata or Chingola felt the same way. Instead, clients pointed to other problems, including customer service at agents attached to the Lusaka and Chongwe branches.

The most critical complaint which reflected negatively on the CE content was that the actual process of receiving a loan at Zoona did not match the ideal, particularly as described in the CE materials. A Chingola participant summarized it very well when she said the following:

> *The process is supposed to be easy unlike at the bank were many documents are needed. Also there is easy access to them. But that is theory, the practice is the very opposite.* (Chingola)

Participants clearly understood that using Zoona could have advantages over going to a bank in terms of the convenience of accessing agents and the streamlined disbursement process as explained to them by their loan officers and in the CE materials. The CE materials, in other words, conveyed what the participant called "the theory" quite well. However, clients also recognized quite clearly that their actual experience – what the participant called "the practice" – did not match the process as described to them.

When asked about their experience of receiving loan disbursements, the biggest single complaint of the participants concerned customer service. This complaint only came from customers in Chipata and Chingola, but the way they expressed themselves suggests that they were bitter about their treatment. In one instance, a Chingola participant suggested that the customer service was the result of poor organization, but the other complaints centered on the relationship between the Zoona agent staff and the clients. In Chingola, a participant said quite succinctly, "those girls are very disrespectful," implying not only that they did not treat the participants well as clients, but that they did not show respect due to the participants because of their age. Another Chipata participant was very explicit in identifying a pattern of behavior of the Zoona agent staff that might be considered disrespectful:

> *What happens is that she will ask for the NRCs (National Registration Cards) then we give them to her. As she starts working on them she decides to make a telephone call to her friend, and they talk for a long time about useless things when she is supposed to be working. When they get hungry, they just get up and lock the place and go to eat, leaving you there standing until they feel like coming back. After all this then they tell you your money isn't ready come tomorrow!* (FGD Chipata)

If the agent staff did behave in the way described, it is understandable why the participant would feel she received poor service. However, another Chipata participant explained the problem at the intersection of process and personal relations:

> *The management at Zoona don't know any public relations, because they don't explain to us anything when things go wrong. As a result the clients get angry.* (FGD Chipata)

The understanding on the part of the participant is that problems can occur, but that the staff can manage the situation by explaining the problem to customers. According to clients, this was a consistent challenge for Zoona agent staff in Chingola and Chipata.

Another problem that participants complained about in all branches, with the exception of Lusaka, was security. Participants felt that the booths were located in insecure areas, and that VisionFund clients were vulnerable to theft when receiving their disbursements:

> *The problem is security. There is just one little girl there and she is giving out a lot of money, it is not safe for her and also for us.* (FGD Chongwe)

Another Chipata participant explained further:

> *The problem also is that many groups will come and surround that small place and people become attracted by what is happening. Now they even know that it is VF clients getting money.* (FGD Chipata)

While it is not clear how passersby would know that VisionFund groups were collecting their money, the point that the two Chipata participants were making was that loan groups attract attention because the agent booths are small. Because there is no security as at a bank, clients feel vulnerable in collecting their loans from Zoona agents.

In Lusaka and especially Chingola, participants complained of the wait time they endured when collecting loans from agents. A Chingola participant complained as follows:

> *The problem is that when you go there after receiving your SMS, the Zoona agent there tells you there is no money. Sometimes you keep on going there even for two weeks.* (FGD Chipata)

Other participants explained that the delays are most frustrating for participants when their loans are recorded as being disbursed by VisionFund, beginning the term for their repayment, but they have not received the money from their Zoona agent:

> *But for me, it is just the time it takes to get the money from Zoona because when VF notified you that your loan is ready, you wait for second SMS from Zoona to collect the money. But there are delays at Zoona, while VF has already started counting the loan as if you have the money already…* (FGD Chongwe)

In other words, the term on the loan of clients can be shortened in practice due to problems with collecting their disbursements from Zoona. If the wait itself is frustrating, this only compounds the problem in the minds of participants.

Participants also identified two other problems. The first, cash shortages, often causes participants to wait, while the second, the irritation of other customers, is a symptom of the other difficulties endured by VF clients as they try to collect their loans.

Participants were also asked if they had started using any other Zoona services. In four FGDs, participants said they had. In Chongwe, no one knew of other Zoona services. In Chipata and Chingola, some people reported using Zoona for remittances and to deposit and withdraw from their accounts. In Lusaka, some people used remittances. However the response was not as strong as it might have been if clients had been satisfied with their loan disbursements.

ZOONA STAFF

Zoona staff members were interviewed in order to understand how the CE program was perceived within the company, and what their experiences were with it. All of the Zoona staff members who were interviewed were directly involved in the consumer education program, as can be seen in Table 10.

Table 10: Zoona staff interviewed, by position and location

Position	Location
Agent	Lusaka
Agent	Lusaka (formerly in Chongwe)
Agent	Chipata
Agent	Chingola
Marketing Manager	Lusaka
Agent Monitoring Manager	Lusaka
Operations and Customer Care Manager	Lusaka

These staff members have had an average of 3 years work experience with Zoona, and were involved in the design and dissemination of the training materials, agent training and follow up, and in aspects of customer care involving VisionFund.

General implementation of consumer education program

The Zoona staff all agreed that the implementation of the consumer education program proceeded well, especially when the staff was not busy with other responsibilities.

Some of the aspects of the program that proceeded well according to the Zoona staff were:

- It improved client appreciation of technology, especially for those who were previously unbanked, and encouraged them to embrace the formal financial sector. Some VisionFund clients reportedly opened accounts with Zoona. Moreover, the CE program helped to teach

VisionFund clients and Zoona agents about good practices with regard to loan management and mobile money services.

- The training helped to enhance the agents' awareness of the information needs of VisionFund clients and how to best communicate that information to them.
- Agents were provided with the tools to use to sensitize clients on the various aspects of branchless banking, resulting in better client knowledge of where to go when problems occurred.
- The training resulted in some increases in transaction volume, according to feedback from the various agents who interacted with the VisionFund clients.
- The program provided an opportunity for Zoona to demonstrate its commitment to principles of increasing access to financial services and consumer education.

There were aspects of the program that were challenging, such as;

- Agents told Zoona staff that they were overwhelmed by the numbers of VisionFund clients who visited the booths for training and disbursements. For example in Kitwe, where the agent was quite busy, it was difficult to both train VisionFund clients and carry out the regular mobile money business. They were heard to comment that 'doing business with training can be quite hectic!'
- Agents did not immediately feel prepared to use the training materials, and Zoona staff had to repeat the content for some of the agents to understand.
- It was difficult for Zoona staff based in headquarters in Lusaka to get effective feedback from agents about how the training was proceeding. Most feedback gathered was through telephone calls which were irregular and did not provide as much information as a written report might have. To improve this it was suggested that implementation be improved using a simple tracking system in conjunction with more coordination between VisionFund and Zoona, would ensure better collection of information and feedback among all stakeholders. It should be noted that the Zoona Agent Monitoring Manager was seeking to improve the monitoring of agents on core operations as well.
- Implementing the consumer education program strained the resources at agent locations due to their small size. Because of this, it was difficult to deal with large numbers of clients who would visit the booth requiring training and disbursement of loan funds. This caused friction between agents and VisionFund clients.

Overall, Zoona staff felt that the consumer education training came at a good time in the customer interaction process, because it introduced Zoona to VisionFund clients when they needed to learn about Zoona to access loans. They felt that the sessions were helpful for the clients and that the concept had the potential to provide lasting benefits for clients.

Initial and current response to consumer education program

The initial response by Zoona staff to consumer education was that it was a good initiative aimed at explaining how to use the mobile phone to make financial transactions. It provided an opportunity for Zoona to explain to consumers what mobile banking is and how it works. It was a particularly good opportunity to demystify the idea of using cell phones to transfer money and to explain some of the technical aspects of the Zoona service that they felt were not well understood.

Later in the implementation process, challenges became more apparent. For example,

- Zoona staff felt that the posters and counter sheets were initially designed to require minimal agent explanation. However, it was found that they required active engagement by agents to ensure the understanding of the content.
- Agents also found it difficult to combine training with facilitating transactions, and some would get overwhelmed. Zoona staff was not initially concerned about the ability of agents to integrate training activities into their workflow, but realized after implementation that it was a concern for some agents.
- In some places, agents reported that customers felt that the consumer education was a tactic used by agents to delay the disbursement of their loans. Agents had difficulty convincing clients otherwise.

Currently, Zoona staff members appreciate the role of consumer education, having reflected on its positive and challenging aspects, and see it as useful in providing knowledge for unbanked customers to encourage more use of mobile banking products like Zoona and to encourage them to embrace technology.

Role of Zoona agents in consumer education

Following implementation of the consumer education program, Zoona staff felt that the agents did their best to deliver CE. However, they felt that agents were sometimes stretched when delivering CE, especially in training VisionFund clients in groups and in one-on-one sessions.

Zoona staff questioned whether agents are the most appropriate trainers because their operational duties do not leave much time and room for training sessions. As a result of the attention demanded by the VisionFund clientele, friction could develop, leading to inappropriate customer service. As a consequence, Zoona is developing a training video to train agents on customer service during their orientation.

However, Zoona staff felt that agents still have a role to play in ensuring that their customers appreciate the services and guide them on how to use them. VisionFund staff felt that agents may be capable of sensitizing customers and following up with them on training they had received, while VisionFund staff may be best placed to carry out intensive consumer education due to the time required.

Agents' initial reaction and changes since implementation of consumer education

Zoona staff reported that the agents' initial reaction to the consumer education training was skeptical. They viewed the CE program as additional work with little direct benefit.

Agents found it difficult to provide training at first while simultaneously dealing with disbursement challenges, all while serving other customers. Some agents felt that the training had a negative impact on the performance of their other duties.

However, Zoona staff now feel that agents became more willing to continue training VisionFund clients on consumer education because it served a purpose for them in filling knowledge gaps about the loan disbursement process, and expanding their business as VisionFund clients accessed other Zoona services.

Process of training Zoona agents

The Zoona staff used the following process in preparing agents to train VisionFund clients:

- Agents were shown the consumer education posters and important aspects of the content were explained to them. Agents were then required to repeat the information back to the Zoona staff to ensure that they had understood the content. The staff trained the agents on:
    - The loan disbursement process with Zoona;
    - Comparing ways of savings;
    - The benefits of the Zoona account;
- The staff also helped the agents think through the questions that they would be likely to face from VisionFund clients, and how to respond.

Zoona staff trained their Agents at their booths, and this training normally lasted for about 15 minutes per agent. This location was selected for the training because it was assumed that agents would offer training to clients at their booths, and because Zoona staff could deliver the materials at the same time that they delivered the training. For some agents in hard-to-reach areas such as Mbala and Mamba, the training was offered by email rather than face-to-face training.

Zoona staff has sought to improve the interaction with agents by having Zoona agent days where agents are brought together to receive further guidance on operations.

Number of Zoona agents trained

Zoona had 137 active regular agents as of March 2013, and 20 Champion Agents. A Champion Agent is one who was facilitated by Zoona to set up the business and dealt only with Zoona services while a regular agent is one who has an ongoing business and is contracted to carry out Zoona services in addition to their regular business. Zoona is phasing out Champion agents in favor of retaining them as regular agents.

To facilitate the rollout of consumer education and Zoona services, Zoona trained 11 agents total in localities where VisionFund payouts would be made. In Kitwe, three agents were trained, while one agent was trained in each of the following locations: Lusaka, Chingola, Chongwe, Choma, Monze, Chipata, Solwezi, and Nzosi.

Quality of trainings for VisionFund groups

According to Zoona staff, training by agents provided an opportunity for agents to show an interest in and get to know VisionFund customers and know what was happening to them, thereby providing an opportunity to turn them into repeat customers.

Zoona staff reported that the consumer education training for VisionFund customers occurred outside the agent booths. The teller or agent would typically step outside the booth to take customers through the poster content. A question and answer session between the agent and the client then took between 5-10 minutes to train depending on the level of understanding of the clients.

The quality of the training depended on the agent carrying out the training. Some agents, such as the one in Solwezi, took as much time training as it took for clients to understand and even prepared shelter for customers during the training. Other agents were less committed and devoted less than 5 minutes to interact.

Changes in client behavior following training

Zoona staff reported that clients received an average of one session of training each from their agent, as interaction with agents was linked to loan disbursements which occur once every 3-6 months.

Zoona staff reported that the customers were applying some of the training content. Before the training commenced, clients were anxious about the process because they were unfamiliar with the procedure. Following training, Zoona staff felt that increases in knowledge of how to use Zoona services led to faster transactions and reduced questions and anxiety in using the service.

Other changes seen in client behavior were:

- Clients talked about the trainings among themselves, and spread the information from the trainings, which eased service delivery at Zoona agents.
- Clients better understood Zoona operational issues, such as what the one time PIN code was, the importance of carrying their NRC for transactions, and why they should visit agent booths in groups.
- There was an increase in transaction volume as clients opened and began saving through the Zoona account. Zoona staff could confirm this because Zoona agents called the Zoona main office to verify each customer's VisionFund client user name when facilitating deposit from VisionFund clients.
- VisionFund clients were more knowledgeable about whom to go to help troubleshoot their problems, which alleviated the confusion that was present before the training.

Zoona staff were certain that client behavior changed after receiving training, although they admitted that it was difficult to monitor the changes because *'No feedback was required [from agents] on changes in behavior…"*. The staff felt that more changes would have been reported if tracking forms were available for agents to use in monitoring client behavior following training.

Response to and use of consumer education tools

Zoona staff felt that the poster was the most useful tool in disseminating consumer education content because it was practical due to its large size and use of pictures. In addition, the design of the posters facilitated understanding and captured attention through the use of cartoons. Because of this, the posters prompted many questions from clients during training.

Zoona agents did not see the agent guide as being valuable for clients, as its function was to guide the agent, while the counter sheet has not been in much use and was only useful for one to one training, and not good in facilitating group training. The laminated sheet served as a simple self explanatory tool and clients would go through it on their own before the agent explained the steps to them.

Zoona staff thought it would be too expensive to translate the training tools into the local languages, and suggested instead that the tools use simple English words that were also common in Zambian vernaculars.

Zoona staff had several suggestions for improving the training materials.

- Zoona staff said that agents were unaware that clients were receiving customer activity books provided by VF credit officers. Therefore they recommended distributing a simple pictorial handout or brochure for the agent to provide to VisionFund clients after training.
- Zoona staff suggested enlarging the poster font and dimensions to ensure that client groups could see and interact with the information they displayed.

QUANTITATIVE DATA

KNOWLEDGE SURVEY

RESEARCH DESIGN

Study Sample

MFO planned to use a difference-in-difference model with a stratified random sample to determine the extent of the impact of the consumer education program on individuals' knowledge, skills, and attitudes as they relate to financial management. The sample frame was VisionFund clients from seven of VisionFund's 12 branches. These branches were selected for operational reasons by VisionFund and because of the strength of Zoona's infrastructure, including the agent network, near these locations. From that frame, the target sample was stratified to include a representative proportion of participants from each branch as well as an equal proportion of new or renewing loan groups when compared to the previous year's data. The result was a sample of 193 groups: 101 control and 92 treatment (see Table 11). Collectively, there were 852 individuals included in the sample.

Table 11: Sample Groups

Branch	Chingola	Chipata	Choma	Chongwe	Kitwe	Lusaka	Solwezi	Grand Total
Control	**8**	**17**	**9**	**12**	**19**	**30**	**6**	**101**
New	3	11	1	2	5	8	3	33
Renewing	5	6	8	10	14	22	3	67
Treatment	**8**	**19**		**11**	**19**	**30**	**5**	**92**
New	3	10		2	6	10	2	33
Renewing	5	9		9	13	20	3	57
Grand Total	**16**	**36**	**9**	**23**	**38**	**60**	**11**	**193**

The control group was to consist of groups that would not, in theory, receive any training modules from the CEBB program. These consisted of two types of groups: those who were in the process of applying for a loan and those that had already received a loan. The treatment group, on the other hand, only consisted of groups that were in the process of applying for a loan. Since the education program was scheduled to begin in November 2012, this meant that, in practice, only groups who applied for a loan after November 1st, 2012 were selected for the treatment group.

Methodology

A team of enumerators administered a baseline survey before the start of the education program and an end-line survey after all training modules had been delivered. The baseline survey consisted of 20 knowledge questions and an additional nine demographic questions. The end-line survey consisted of 17 knowledge questions, nine questions about which training modules were received, and nine demographic questions. Many of the demographic questions contained multiple parts. Of the 20 baseline and 17 end-line knowledge questions, 12 were identical in both surveys, forming the basis for the analysis of knowledge changes.

Enumerators administered these surveys to members of selected loan groups with those groups' credit officer present. The name of each group member and their VisionFund ID number was to be recorded,

although the VisionFund ID number was often omitted in practice. Enumerators were instructed to read a series of disclaimers and directions to participants before beginning the survey. At the outset of the survey, they would read a question and then group members would display one of three cards: an "X," an "O," or a blank card. The "X" and "O" would correspond to one of two possible answers while the blank card reflected a response of "I do not know." Enumerators were to ask respondents to determine their answer but not show their cards until instructed to do so with the hope of minimizing the likelihood that a participant, unsure of the response, would use their neighbor's answer.

The baseline survey was successfully given to all 193 selected baseline groups over a 7 month period.[7] The entirety of the control group completed the baseline survey between May and July 2012 while the treatment group completed the baseline survey between September and December 2012.[8] The end-line survey was administered to both the control and treatment groups after the end of the intervention period, with all surveys occurring between May and July 2013.

Data Verification

We began a process of data verification at the end of the knowledge survey data collection period in July 2013 at which point the result of the end-line survey were provided to us. As part of this process, basic descriptive statistics of the end-line survey were compared to those in the baseline survey. These checks revealed that the original research design – with clear treatment and control groups – had been compromised during implementation. In addition to attrition, it was apparent that contamination between the treatment and control groups occurred.

Attrition

As stated above, the original knowledge survey sample was 193 groups. An initial analysis of the end-line survey revealed a significant level of attrition between the baseline and end-line periods. There were 541 respondents in 151 loan groups recorded in the end-line survey. Of these 151 loan groups, 70 were in the control group, 79 were in the treatment group and 2 groups were unidentified (see Table 12).

Information from the research firm suggested three primary reasons for group attrition. First, in some cases the groups were not available for survey interviews during the assigned window. Second, some groups defaulted on the loans they received. Unfortunately, data provided to us could not distinguish between those two scenarios for the groups from Chipata, Kitwe, Lusaka, and Solwezi.[9] Third, survey implementation issues were a challenge but only at the Choma branch; enumerators struggled to have the branch's credit officers make their loan groups available for the end-line survey.

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[7] The large gap in time had multiple factors but it mainly related to the logistics of ensuring that credit officers and enumerators could meet with the group at the same time. The fact that enumerators had to work with credit officers prevented the survey from being implemented en masse over a short time period.

[8] While the survey period did bleed into the "intervention" period there was no indication that groups received the CEBB before the survey was complete. Furthermore, any benefit derived from CEBB during the baseline survey would tend to make the impact of the program appear smaller than it otherwise would in the final results.

[9] This has important implications for analysis since we cannot assume that those groups that defaulted had the same level of knowledge gain as those that did not default. This omission would tend to bias the statistical results presented later downward, indicating less of an impact than that presented in this report. However, without knowing which groups defaulted it is difficult to speculate on the extent of the bias.

Table 12: Sample Attrition

	Branch	Chingola	Chipata	Choma	Chongwe	Kitwe	Lusaka	Solwezi	Grand Total
Baseline Sample	Control	7	17	9	12	19	30	6	100
	Treatment	8	18		11	19	30	5	91
	Grand Total	15	35	9	23	38	60	11	191
End-line Sample	Control	7	15	0	10	13	19	6	69
	Treatment	8	15	0	11	14	29	2	79
	Unidentified				2				3
	Grand Total	15	30	0	23	27	48	8	151
Attrition From Baseline	Groups Not Available/Defaulted		4			11	11	3	29
	Implementation Issues			9					9
	Unidentified		1				1		2
	Grand Total	0	5	9	0	11	12	3	40

On closer analysis of the data, it became apparent that in addition to group-level attrition, significant individual attrition within groups occurred as well. Of the 541 respondents who appeared in the end-line survey, only 299 were in the original baseline survey group. Since the ability to identify a change in knowledge from one period to another is reliant on the same study participants being in the pre- and post-groups, these 299 participants represent the effective study sample and 35 percent of the original.

It is unclear why, precisely, there was so much respondent attrition when the groups remained relatively intact, with most retaining their group name and credit officer. Two possible explanations are possible. The first is that groups are naturally fluid; over time, members come and go but the group's identity is maintained, similar to how the composition of many sports teams change. Since there were long time periods between when groups took the baseline and end-line surveys, the attrition may be the result of these changes. The second is that group members viewed the survey as a group activity rather than an individual one, resulting in several representatives from a group being present for both surveys but not necessarily the same representatives.

The data provides some evidence for these theories. During the FGDs (discussed in the qualitative analysis section), group leaders reported an average group size of 8.9 members. However, in the end-line survey (including all participants, not just those who were in the baseline), each group only had an average of 3.6 group members present. Thus, either group leaders had a different conception of who is in their "group" or all members of the group were not participating in the study at the same time.

Contamination

Contamination – in which the control group receives the intervention meant for the treatment group – was also widespread.[10]

[10] This analysis was conducted only looking at those individuals who participated in both in the baseline and the end-line surveys.

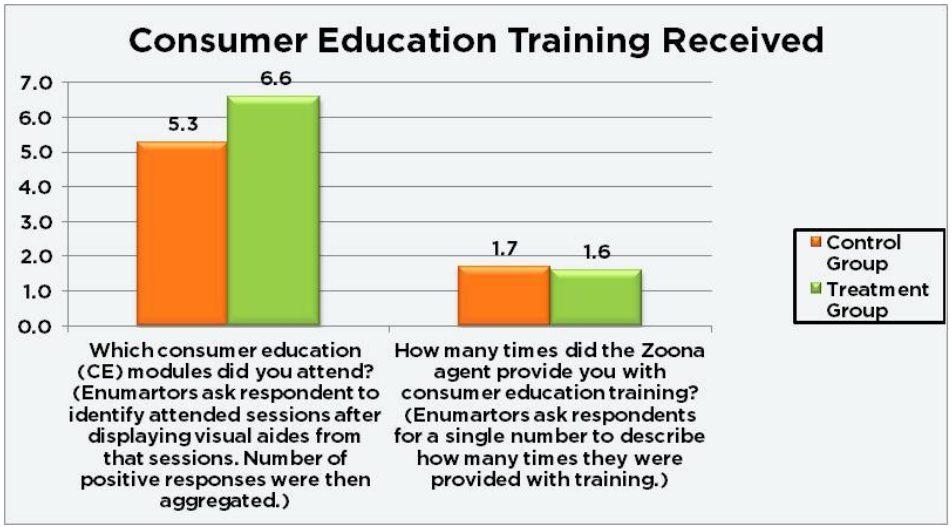
In order to determine which groups received training, two separate questions were asked. The first question asked which modules a respondent received going module by module (i.e. "Say "Yes" if you received Module 1, Module 2, Module 3, etc.). Enumerators held up posters and other visual aids from those sessions to improve respondent recall. When asked how many of the eight modules they attended with this method, respondents in the treatment group reported attending almost 7 sessions on average, *but the control group also reported attending five sessions on average*.

As an additional data verification measure, a redundant question was included which asked respondents for a single number to describe the number of times they received training. Interestingly, when asked in this way, respondents reported not even attending two sessions on average and the control and treatment group reported attending almost the exact same number of trainings (about 1.6 on average) (see Figure 2).

Reasons for the contamination could be numerous, but results from the qualitative portion of the study (discussed above) suggest that a driving factor was credit officers' (who were responsible for training) belief that the sessions were valuable for their clients and thus they gave them to all their clients, regardless of their study status.[11] It is also possible that credit officers were not familiar enough with the research design to maintain a "firewall" between the two groups.

The discrepancy between the two questions about modules, however, can be easily explained. Information from the focus groups and IDIs suggests that it was not uncommon to "chunk" sessions together. As described above, some credit officers felt that the training program was too long and put pressure on their other responsibilities. Loan groups were also anxious to complete the training in order to access their loans. Together, this likely encouraged multiple sessions to be given at one time. For instance, Modules 1-4 and Modules 5-8 could be given at two separate times, thus explaining respondents having seen the majority of the modules but only receiving training close to two times.

Figure 2: Training Modules Received



[11] Other possible explanations are a lack of understanding of the research design or its importance on the part of credit officers and spill-over effects between control and treatment group members.

Implications for Research Design and Analysis

The validity of a difference-in-difference model is predicated on the ability to compare two groups that are alike and only have the application of an intervention – consumer education – as a distinguishing difference. Since the intervention is the primary distinguishing difference, statistical analysis will (in theory) be able to identify (or at least suggest) a causal relationship between the intervention and any changes between the two groups. The contamination of the control group made implementation of this design impossible.

The inability to distinguish between a treatment and control group necessitated using a pre/post approach to the survey in which answers to the same questions by the same people were compared before and after the intervention. This method is widely utilized to assess changes in learning because of the presumption that, since there are specific topics being covered in an educational program, changes in knowledge on those topics that occurred after a program occurred can reasonably be assumed to be the result of the program.

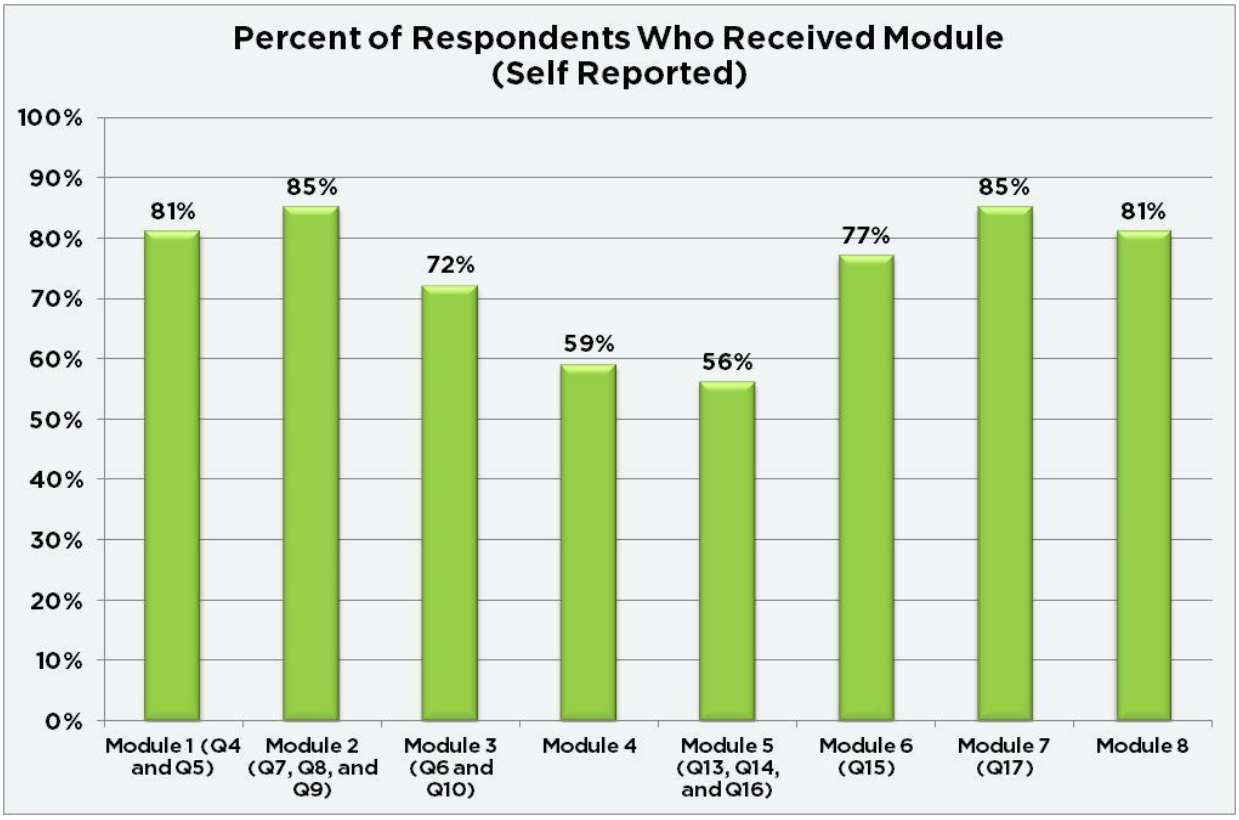
Since a pre/post approach relies on panel data, we had to restrict our sample to the 299 individuals who appeared in both the baseline and end-line surveys as well as the 12 questions that appeared in both surveys (the demographic questions not withstanding).

KNOWLEDGE SURVEY RESULTS

Modules Received

As mentioned previously, the data suggest that each respondent received an average of 5.9 training sessions. Figure 3 displays the percentage of respondents who reported receiving each module.

Figure 3: Individual Modules Received



The analysis shows that credit officers tended to deliver the modules at the start and end of the training. Modules 2, 3, 4, and 5 all dealt specifically with interacting with Zoona's services. Modules 2 and 3 dealt specifically with how to receive and repay a loan with Zoona respectively, so it is of little surprise that these modules (especially Module 2) were taught somewhat more frequently (receiving a loan was the reason the clients were there in the first place after all). A variety of explanations could account for the lower numbers of respondents receiving Modules 4 and 5. VisionFund requested that Module 4, which dealt with performing deposits and withdrawals with Zoona, be removed from the curriculum because of the changing nature of the relationship between VisionFund and Zoona.[12] Module 5 – about troubleshooting issues with Zoona's services – may have been delivered less often because some branches stopped disbursing loans with Zoona or because some credit officers found the service generally frustrating to interact with.

Description of the Regression Model

A linear probability model was used to account for the binary nature of the survey questions (questions were asked as "Yes" or "No"[13]). A linear probability model aims to identify the likelihood that there was a positive response in the dependent variable given a set of independent variables. Our primary interest

[12] In January 2013, changes were made to the curriculum to reflect that fact Zoona had decided to suspend its loan disbursement and repayment service.

[13] Technically, there were three options: "Yes," "No," or "I don't know." Since we were concerned with changes in knowledge, the latter two negative responses were aggregated.

was to identify whether there was a statistically significant change from the baseline period to the end-line period.

The model accounts for three different, relevant explanatory variables. The first is whether an individual was part of a group that was asking for a new loan or a group that was renewing a previous loan at the time the baseline survey was administered. We assumed that individuals who had gone through loan processes previously would have a higher level of knowledge than those who have never gone through the loan process, both in terms of understanding the loan process and money management experience. We also included a client's branch and credit officer. A respondent's inclusion was predicated on being a member at a particular branch; since different branches could have an impact on knowledge changes (by being especially supportive, for instance) we wanted to include this term as well. Similarly, credit officer dummy variables were included as they were the one managing the trainings.

$$\gamma_q = Constant + \beta_1 * PrePost + \beta_2 * GroupLoanCycle + \beta_m * Branch + \beta_n * CreditOfficer$$

γ_q	The outcome variable where "q" is the survey question.
$PrePost$	A dummy variable for baseline and end-line. "0" represented an answer from the baseline survey; a "1" represent answer from the end-line survey.
$GroupLoanCycle$	A dummy variable for whether a loan group was new to VisionFund ("0") or renewing a loan ("1") *prior to the intervention occurring*.
$Branch_m$	A dummy variable for the branch to which the grouped belong. 1=Chingola (omitted) 2=Chipata 3=Chongwe 4=Kitwe 5=Lusaka 6=Solwezi
$CreditOfficer_n$	A dummy variable for the credit officer to which the respondent was assigned. There were 51 different credit officers in the study. Names of credit officers are omitted to maintain privacy.

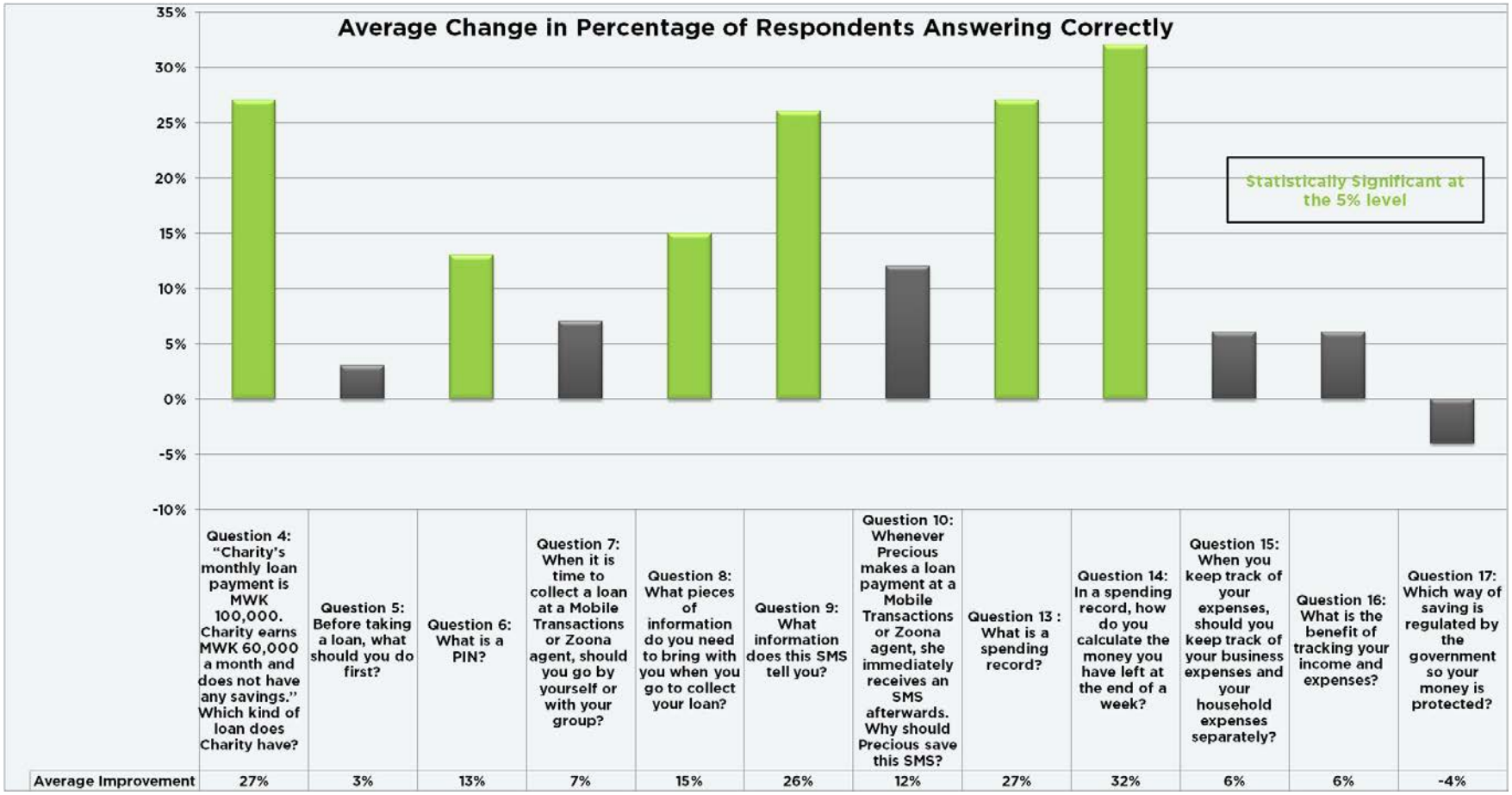
RESULTS

Particpants, on average, improved their scores on 11 of the 12 questions. The only question on which respondents appeared not to improve was Question 17 about the regulation of savings methods by the government. Of the remaining 11 questions, six had positive, statistically significant improvements (see Figure 4).

Five questions directly related to respondents ability to use the Zoona service (Questions 6, 7, 8, 9, and 10). Of these five questions, three had statistically significant improvements. The remaining seven questions were general money management and knowledge questions. Three of these questions (Questions 4, 13, and 14) had statistically signifcant improvements.[14]

[14] Expanded regression results can be found in Annex 3.

Figure 4: Change in Respondents Answering Correctly



	Question 4: "Charity's monthly loan payment is MWK 100,000. Charity earns MWK 60,000 a month and does not have any savings." Which kind of loan does Charity have?	Question 5: Before taking a loan, what should you do first?	Question 6: What is a PIN?	Question 7: When it is time to collect a loan at a Mobile Transactions or Zoona agent, should you go by yourself or with your group?	Question 8: What pieces of information do you need to bring with you when you go to collect your loan?	Question 9: What information does this SMS tell you?	Question 10: Whenever Precious makes a loan payment at a Mobile Transactions or Zoona agent, she immediately receives an SMS afterwards. Why should Precious save this SMS?	Question 13 : What is a spending record?	Question 14: In a spending record, how do you calculate the money you have left at the end of a week?	Question 15: When you keep track of your expenses, should you keep track of your business expenses and your household expenses separately?	Question 16: What is the benefit of tracking your income and expenses?	Question 17: Which way of saving is regulated by the government so your money is protected?
Average Improvement	27%	3%	13%	7%	15%	26%	12%	27%	32%	6%	6%	-4%

VISIONFUND MIS DATA

VisionFund's Management Information Systems (MIS) data contains information on all groups who have received a loan and a variety of information on that loan including date of disbursement, interest rate, number of installments, etc. Since all individuals in the knowledge survey were also VisionFund clients, the research design called for identifying these same groups in the VisionFund data set. Maintaining the original treatment and control group, we would then be able to examine the difference in the new loan requests made by those who had received the consumer education training and those who did not.

However, the contamination and attrition mentioned previously necessitated the use of a quasi-experimental approach. This involved separating loan groups in the MIS data into two categories: those we know received the consumer education program and those who we are unsure if they received the consumer education program. We know that those who received our training program participated in our survey; this group, in essence, became the treatment group.

It should be noted that we have some evidence to suggest that the consumer education training was utilized with groups outside our sample (the survey data being one indicator among others). Thus, it is possible that some groups in this new "control" category also received financial education.

DESCRIPTIVES OF MIS DATA

VisionFund MIS data set included all loans disbursed between February 2009 and September 2013. During that time, VisionFund disbursed 13,906 loans to 6,367 different loan groups, an average of just over 2 loans per group during that period. The number of loans disbursed by VisionFund was similar in 2010 and 2012 while loan disbursements in 2013 were on pace to be similar to those two years. There was a noticeable drop in disbursement during 2011.

The average loan disbursement to a group over the entire period was approximately 6,900 ZMW. The data show that, in addition to the number of loans disbursed in 2011, there was leveling of the average loan disbursement between 2011 and 2012. This trend reversed between 2012 and 2013.

Table 13: Change in Average Value of a Loan Disbursement

	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013
Percent Change	60%	23%	-3%	34%

Differences between Survey Participants and Non-Survey Participants

Of the almost 14,000 loans distributed by VisionFund, 413 went to groups that we could identify in our survey. The table below shows the number of loans disbursed in a given year separated by survey and non-survey participants. A comparable percentage of new loans were taken out by survey and non-survey participants in 2011 and 2013. In 2012, survey participants took out more loans as a percentage of the total, but this may be due to over-representation of first time loan recipients resulting from the survey itself.

Table 14: Number of Loan Disbursements, 2009-2013

		2009	2010	2011	2012	2013	Total
Non-Survey Participants	Count	96	3,845	2,537	4,213	2,848	13,539
	% of Total	0.71%	28.40%	18.74%	31.12%	21.04%	100.00%
Survey Participants	Count		62	85	179	87	413
	% of Total	0.00%	15.01%	20.58%	43.34%	21.07%	100.00%
All Participants	Count	96	3,907	2,622	4,392	2,935	13,952
	% of Total	0.69%	28.00%	18.79%	31.48%	21.04%	100.00%

Survey participants asked for larger loans on average than non-survey participants. However, the year-on-year changes in loan amount requests are comparable between groups.

Table 15: Average Value of Loan Disbursements, 2009-2013

		2009	2010	2011	2012	2013	Total
Non-Survey Participants	Count	3528.85	5636.59	6873.49	6644.54	8909.48	6855.54
	% of Total		60%	22%	-3%	34%	28%
Survey Participants	Count		7283.06	9185.29	9130.24	11793.68	9425.33
	% of Total		NA	26%	-1%	29%	18%
All Particpants	Count	3528.85	5662.72	6948.43	6745.85	8994.97	6931.61
	% of Total		60%	23%	-3%	33%	28%

REGRESSION MODEL

The goal of the MIS data analysis was primarily to test our third hypothesis: Recipients of the VisionFund CEBB program asked for smaller increases in new loans than individuals who did not receive the training.

To test this hypothesis, we chose to use the percentage change from one loan disbursement to the next loan disbursement to the same group. This, in essence, shrunk the analytical sample to include only those groups that received at least two loans between 2009 and 2013. There were approximately 7,500 of these 'paired' transactions. After performing this analysis, we excluded all loans that were considered outliers; in practice, this excluded 46 loans that had increased in value by more than 195% from the previous loan.

We utilized a difference-in-difference model, controlling for time shocks, to isolate the effect of the education program on loan amounts. A difference-in-difference model looks at the change along two dimensions. In this case, the first dimension is the average difference in the percentage change in new loan requests between loans taken before and after the intervention. The second dimension is the average difference in the percentage change in new loan request between survey and non-survey

participants. The interaction term identifies the differences in the differences between these two groups. The presumed cause of this difference is the intervention: the consumer education training program.

$$\gamma_{PrePost\ Difference} = \gamma_{Post\ Average} - \gamma_{Pre\ Average}$$

$$\gamma_{Survey\ Particpant\ Difference} = \gamma_{Survey\ Particpant} - \gamma_{Non-Survey\ Partciapnts}$$

$$\gamma_{Treatment\ Effect} = \gamma_{PrePost\ Difference} - \gamma_{Survey\ Particpant\ Difference}$$

In addition to controlling for time shocks, we have included a series of variables to control for other, relevant factors. We control for the branch at which the loan is disbursed, recognizing the branch capacity and oversight could play a significant role in new loans requests. We also include variables to control for loan period (shorter loans may not see as large of an increase) and the loan cycle that the group is on. Furthermore, we clustered standard errors based on the group's credit officer of record for a given loan.

$$\gamma_d = Constant + \beta_1 * PrePost + \beta_2 * Survey + \beta_3 * Interaction + \beta_4 * LoanCycle + \beta_5 * LoanPeriod + \beta_6 * Branch_m + \beta_7 * MonthYear$$

γ_q	The outcome variable where "d" is the percentage increase or decrease in a group's most recent loan request compared to their previous loan request.
$PrePost$	A dummy variable for pre and post intervention. A "0" refers to all loans disbursed prior to November 1st, 2012. A "1" refers to all loans disbursed after that date.
$Survey$	A dummy variable for whether a loan group was a non-survey participant ("0") or a survey participant ("1").
$Interaction$	A term that identifies the difference in averages between the PrePost and Survey variables; calculated by multiplying the two observations together
$LoanCycle$	A continuous variable indicating which loan cycle the group is on
$LoanPeriod$	A continuous variable indicating the term of the loan
$Branch_m$	A dummy variable for the branch to which the grouped belong. 1=Chongwe 2=Chingola 3=Choma 4=Chipata 5=Chirundu 6=Kasoma 7=Kitwe 8 = Lusaka 9 = Mbala 10 = Monze 11 = Sinazongwe 12 = Solwezi (omitted)
n	A dummy variable for the month-year when the loan was disbursed

RESULTS AND INTERPRETATION

The results indicate that a loan group that we know received consumer education training asked for an increase in a new loan that was approximately 12 percentage points smaller on average than the increase in a new loan requested by a group that may not have received consumer education training, all else equal. The result was statistically significant at P-Value of .01 (P-Value .009, full results can be found in Annex 4).

Based on our theory of change and professional experience, we believe this serves as evidence that individuals who received consumer education training recognized that they could manage their money better and, consequently, a "typical" increase in the size of the loan was not necessary. Notably, this serves as evidence that tangible, positive behavior change can happen as a result of a tailored consumer education program.

Furthermore, this serves as evidence in support of the statements made by branch managers (previously reported in the qualitative section) that the training was the cause of some customers opting to not increase the amount of their new loans despite being eligible to do so.

ZOONA MIS DATA

OVERVIEW

At the beginning of the project, it was hypothesized that if participants' financial capabilities improved, specifically with regard to using the Zoona service, they would be more likely to increase their use of Zoona's other financial service products like money transfers. Zoona's MIS data from January 2011 to July 2013 was secured principally to answer this question, as the MIS data contains information on all the transactions performed using Zoona's system. As with the previous data sources, the research design called for identifying individuals who we know received the consumer education program, comparing them to individuals that did not receive the training, and determining whether there were any reasonable differences in their behavior.

The data set contained 64,785 different transactions performed by 14,917 different clients and covers thirteen different transaction types, including transactions related to loan disbursements. Transactions related to loan disbursement made up the vast majority of total transactions. Money transfers were the second most common type of transaction. These two groups together accounted for 95.23 percent of all transactions performed by VisionFund clients between January 2011 and September 2013.

Table 16: Number of Zoona Transactions

Service	Count	Percent of Total
Cash Deposit	27	0.04%
Cash Withdrawal from Client Account	24382	37.64%
Retail Purchase via an Agent	2	0.00%
Airtime Recharge	3	0.00%
Bank Deposit	275	0.42%
Banked Bulk Payment	2788	4.30%
Money Transfer Received	6488	10.01%
Money Transfer Sent	6255	9.66%
Other Fees	1	0.00%
Zoona Inter-Account Transfer	37	0.06%
Send to Bank	1	0.00%
Loan Disbursement to Client Account	24565	37.92%
Variable Airtime Recharge	1	0.00%
Total	64,785	100.00%

The analysis of the data showed that there were no statistically significant differences in the uptake rates between individuals we know received the training and those that may or may not have received the training.

However, the MIS data provided an opportunity to explore a series of questions tangentially related to the intervention that arose during the course of the project. For instance, in the IDIs and FGDs, clients and credit officers noted that agents at times did not have enough liquidity to service an entire loan

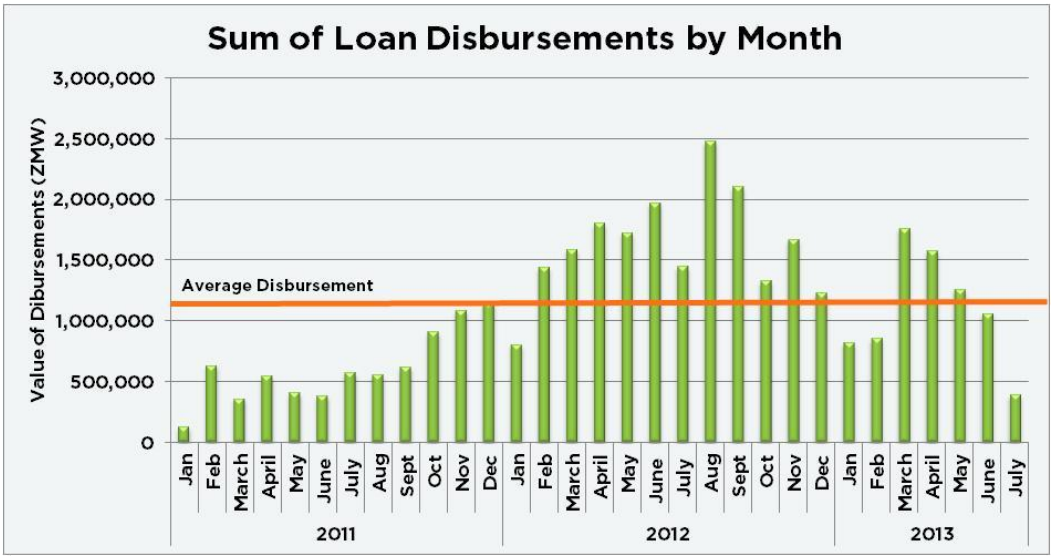
group in addition to a number of other, general complaints about the service. As described in the introduction, Zoona and VisionFund also began altering the nature of their relationship during the intervention. In the last quarter of 2012, some branches had stopped distributing loans via Zoona's platform and a formal phase-out plan for the partnership was agreed upon by mid-February 2013. This was done largely in response to the stress that the disbursement process put on Zoona's system. We aimed to use the MIS data to explore these issues in more depth.

ZOONA WITHDRAWAL PATTERNS

Disbursements to Clients

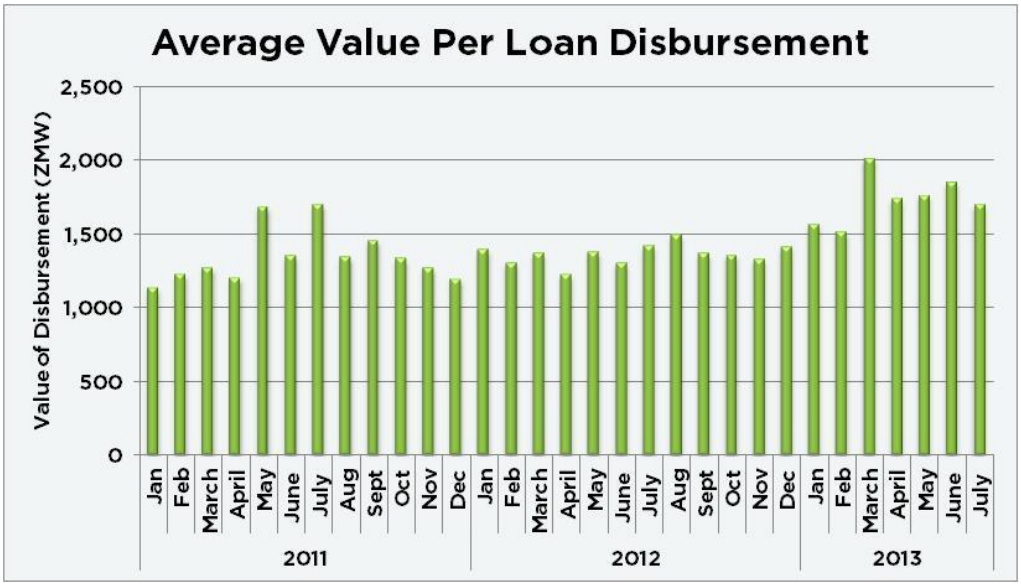
During the average month, Zoona processed about 1,115,000 ZMW ($180,000) in withdrawals. However, this masks significant variation over the 31 month period during which data was available. There was a clear, sustained upward trend in total loan disbursements that began during the summer of 2011 and continued for the next year. This resulted in a dramatic increase in the average monthly sum disbursed. In 2010, the average monthly dispersal was 608,000 ($100,000). By the end of 2011, that number had increased by more than 150 percent to 1,631,000 ZMW ($265,000).

Figure 5: Sum of Loan Disbursements by Month



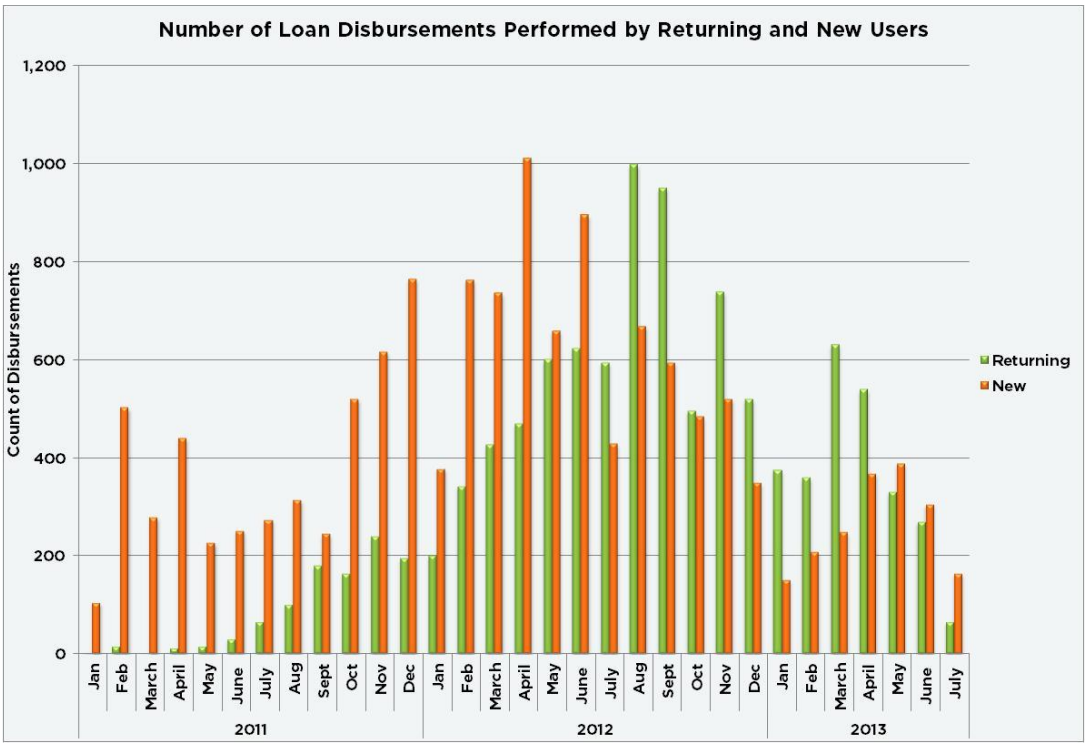
It becomes apparent when we look at the average loan value per disbursement that these impressive increases are the result of increased loan activity and not the value of the loans themselves. The following figure shows that while the sum of loans disbursed by month may have trended upward, overall the average value of disbursements remained relatively constant. This means that the primary driving factor in the trend of larger sums must be increased loan activity.

Figure 6: Average Value Per Loan Disbursement



Confirming Zoona's assertion that VisionFund's desire to push loan recipients to the Zoona platform was the cause of liquidity pressures and network stress, the analysis shows the increase in loan activity over this period was driven almost entirely by VisionFund clients using the service for the first time. It was not until June 2012 that the number of loans disbursed to returning clients surpassed the number of loans disbursed to first time clients. Following that point in time, it is difficult to discern whether the moderation in new users would have occurred if Zoona and VisionFund did not alter their relationship. Destined to occur or otherwise, the pattern accelerated through the end of 2012 and into 2013.

Figure 7: Number of Loan Disbursements Performed by Returning and New Users



This pattern would have presented serious operational challenges for any organization introducing a new, complex product, partly due to the fact that there is a secondary pattern hidden in those returning members. We know that each "new" loan recipient has not taken out a previous loan; they are completely new to the service. Given the complications discussed in the qualitative analysis, this represents a large number of people being pushed into a complex process that takes a high degree of familiarity to navigate. Of course, everybody has to be new to the process at some point but 50 percent of VisionFund clients who used the Zoona service only used it once. From Zoona's perspective, these are the high cost clients – the ones that take more time to sign up, integrate into the system, become proficient etc. Those who used the service more than once received an average of 2.6 loans from the service; it is likely that these customers saw a moderation in their transaction costs.

Pressure on Agents

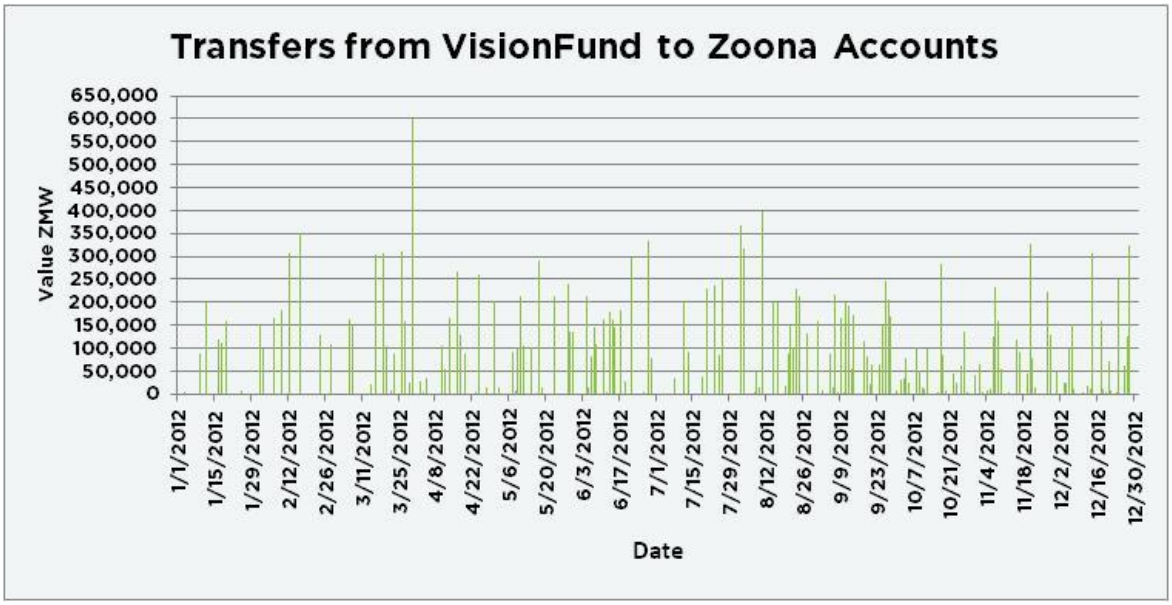
The analysis of loan disbursement data above confirms that Zoona was experiencing a significant influx of VisionFund clients. The rapid growth in the client base forced Zoona to expand its operations. But as previously mentioned, despite this expansion, agents were still facing significant liquidity challenges at their locations, specifically on disbursement days. This presented a dilemma for management as they had to float tens of thousands of dollars to their agents, often in rural areas or places where security was a major concern. This section of analysis aims to provide more detail to these concerns. In order to maximize the benefits of this analysis, this section of data only focuses on 2012, the year at which disbursements were at their peak and the VisionFund-Zoona relationship was under the most stress.

In 2012, VisionFund electronically transferred funds to clients' Zoona accounts on 170 different days. The number of clients that received funds in their account on those days varied from as few as one to as many as 491. An average day saw about 90 VisionFund clients receive a transfer to their Zoona account

with an average total value of those transfers being close to 117,000 ZMW ($19,000). While it was unlikely that 100 percent of the loans transferred to client accounts would be withdrawn on the same day, Zoona did have to be prepared for this eventuality, meaning that on average they needed to have about 117,000 ZMW ($19,000) in liquidity in their agent network.[15]

Zoona was operating near this threshold on about half of the days that VisionFund transferred funds to Zoona accounts. We know from conversations with Zoona management that floating sums around 185,000 ZMW ($30,000) was especially nerve wracking, and looking at the frequency of disbursements at this level, it is no surprise that they felt so vulnerable that they need to revisit the nature of their partnership with VisionFund. More than a quarter of all disbursement days necessitated Zoona floating more than 185,000 ZMW ($30,000) to their agents (see Figure 8).

Figure 8: Transfers from VisionFund to Zoona Accounts



And while Zoona may have not been disbursing all of the cash it floated in a single day, it still disbursed 92,000 ZMW ($15,000) across its agent network on a single day 87 different times in 2012. Agents disbursed more than 180,000 ZMW ($30,000) on 20 different occasions (Figure 9).

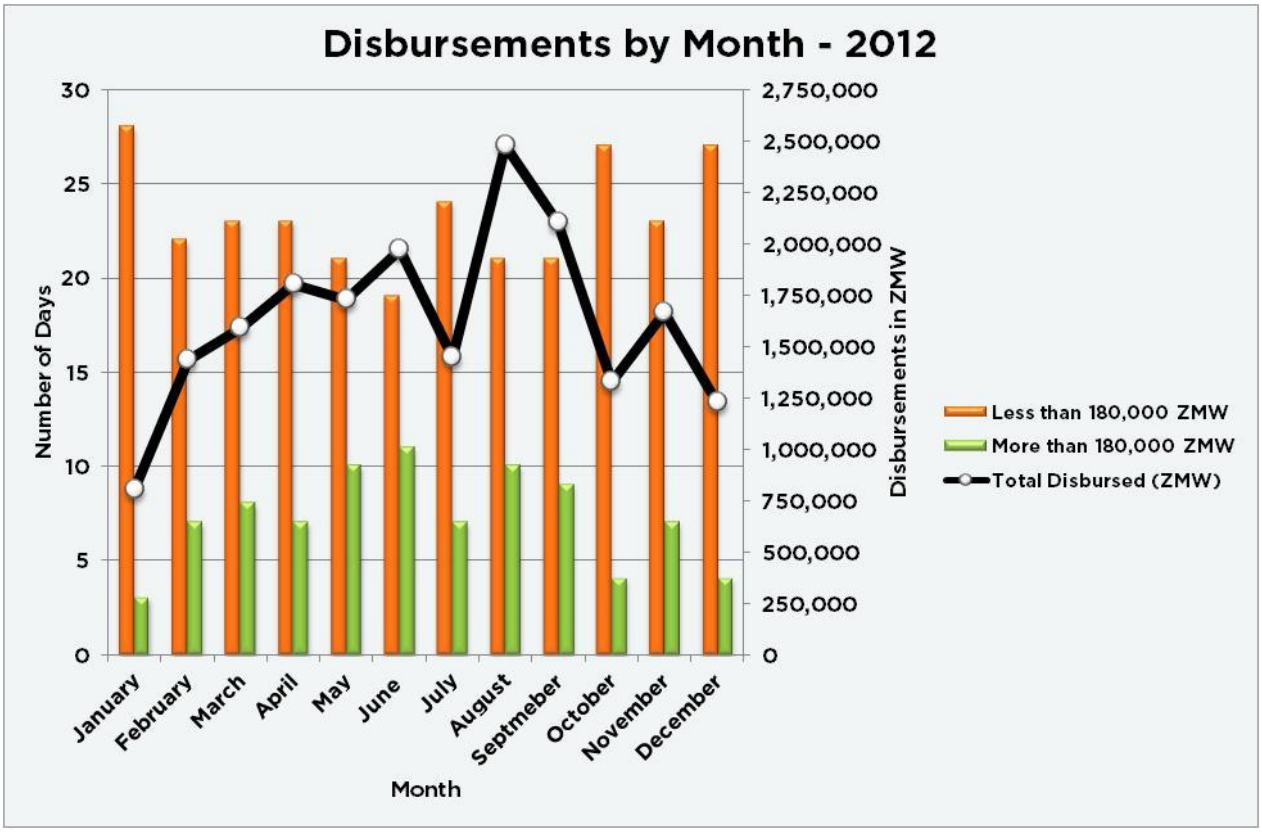
Agents were no doubt taxed by these large disbursements. During 2012, there were 63 agents who, collectively, made at least one disbursement 2,214 times. The average value of those disbursements was reasonably small – 8,800 ZMW ($1,400) – and the vast majority (about 67 percent) of days when an agent disbursed funds were below this threshold. About 14 percent of the time, though, agents were disbursing double this amount or more. 81 out of the 2214 times, an agent disbursed over 31,000 ZMW ($5,000).

For context, the per capita GDP in Zambia is about $1,400 meaning that there were 81 times when a single agent was disbursing in a day about 3.5 times what the average Zambian would make in a year

[15] This ignores the added complexity of getting the right amount of cash to the right agents in addition to having it at the right time.

and they were often doing so in insecure, rural areas. There were 10 different times when a single agent was responsible for disbursing more than 60,000 ZMW ($10,000) in a single day.[16]

Figure 9: Frequency of Large Withdrawal Days by Month



VISIONFUND PAR DATA

OVERVIEW

PAR data looks at the proportion of a loan portfolio that is deemed at risk because payments are late by a given time period. For instance, a 30-day PAR figure would be the proportion of the portfolio that is at least 30 days overdue.

We hypothesized that branches that provided consumer education training to their clients would show a decline in their average PAR after the intervention. If this were the case, it would suggest that clients' financial capabilities improved in such way as to allow them to make better money management decisions leading to them to repay their loans closer to their repayment schedule. In addition to the impact on clients, showing that a decline in PAR resulted from consumer education could have

[16] Two agents in particular faced the brunt of these high value disbursements. Between them, they accounted for 34 of the 81 days in which more than 31,000 ZMW ($5,000) was disbursed. To maintain privacy, their agent identifiers and location are not provided.

important implications for financial institutions since a lower PAR in the short-term represents the possibility of fewer defaults in the future.

We analyzed average 30-day PAR by month from November 2011 to September to 2013. The initial research design called for identifying the branches – rather than the individuals – that received consumer education and comparing it to the branches that did not. However, during the final quarter of 2012, VisionFund began a series of branch consolidations for a variety of operational reasons making this approach difficult.

REGRESSION MODEL

The consolidation of branches meant that we had data for 12 branches up to October 2012, at which point five of the branches (Chongwe, Kasoma, Mbala, Sinazongwe, and Monze) were subsumed and a sixth (Chirundu) was closed. The five subsumed branches presumably had their loan portfolios lumped-in to the portfolios of the branches they joined. Not wanting to lose almost a year's worth of data on these branches, the decision was made to merge the data for the consolidated branches using weighted averages.

To assign weights to the averages, we had to pick an indicator that reflected the relative size of the loan portfolios each branch brought at the merger. Without being able to determine the precise size of the portfolio that contributed to the PAR averages (which is the result of loans from the past), we chose to use the number of new loans disbursed in a given month. A potential downside of this approach is that it under-weights the averages for the branches that were subsumed because it is likely that fewer new loans were disbursed as the branch got closer to consolidation.

Original Branches		Merged Branches	Closed Branches	Dropped from Analysis
• Chingola (T) • Chipata (T) • Chirundu (C) • Choma (?) • Chongwe (T) • Kasoma (T)	• Kitwe (T) • Lusaka (T) • Mbala (C) • Monze (T) • Sinazongwe (C) • Solwezi (T)	• Chingola (T) • Chipata (T) • Choma-Sinazongwe (?) • Chongwe-Lusaka (T) • Kasoma-Mbala (T/C) • Kitwe (T) • Monze (T) • Solwezi (T)	• Chirundu (C)	• Chirundu (C) • Choma-Sinazongwe (?) • Kasoma-Mbala (T/C)

After weighting the data, branches were reclassified. Branches in which we conducted the end-line survey were automatically classified as treatment as were branches in which we knew we had credible monitoring data. Chirundu was closed and had anomalously high PAR rates (approaching 100 percent) so was dropped from the analysis. Kasoma and Mbala mixed a treatment branch and a control branch. Since the direction of an effect would be muddled, we chose to drop this merged branch also.

Choma and Sinazongwe present somewhat of a special case. None of the monitoring data suggested that Sinazongwe received the intervention. However, Choma fell under the original knowledge survey sample, although no treatment groups were interviewed at the baseline and other monitoring data could only find a negligible number of groups that received any training. Data from the end line was not collected because of the difficulty enumerators had scheduling time to meet loan groups with the credit

officer present. Due to this inability to definitively classify Choma, we chose to omit it from statistical analysis.

The remaining branches were all treatment branches; consequently a quasi-experimental approach was not possible. We instead used a pre-post, least squares dummy variable (LSDV) model. Regression diagnostics suggested that a generalized least squares (GLS) technique, which helps to control for heteroskedasticity and serial correlation (both of which were identified) would be the most appropriate approach.[17] The GLS took the form:[18]

$$\gamma_{PAR} = Constant + \beta_1 * PrePost + \beta_2 * Branch_m + \beta_3 * Period_n$$

γ_{PAR}	The outcome variable where "PAR" is the percentage point increase or decrease in the average monthly PAR.
$PrePost$	A dummy variable for pre and post intervention. A "0" was assigned to all months prior to November 2012 and a "1" assigned to all month including and after November 2012.
$Branch_m$	A dummy variable for the branch. 1= Chipata 2=Chongwe-Lusaka 3= Kitwe 4=Monze 5=Solwezi 6=Chingola (Omitted)
$Branch_n$	A dummy variable for the month and year when the loan was disbursed: 1 = November 2011, 2= December 2012, etc. September 2013 (omitted)

RESULTS[19]

The regression result showed that, all else equal, the branches that provided consumer education to their clients had 30-day PAR that was, on average, 7.7 percentage points lower after the intervention occurred. The result was statistically significant at P-Value of .01. See full regression results in Annex 5.

[17] Tests for autocorrelation and heteroskedasticity were performed in STATA. The Wooldridge test for serial correlation and the Breusch-Pagan/Cook-Weisberg test for heteroksedasticity revealed both were present.

[18] Analysis of the model was performed in STATA. Options **panel(heterosk)** and **ar(1)** were specified. The panel was unbalanced balanced so **force** was also specified to allow for the model to run with gaps.

[19] Full regression results can be found in Appendix 5

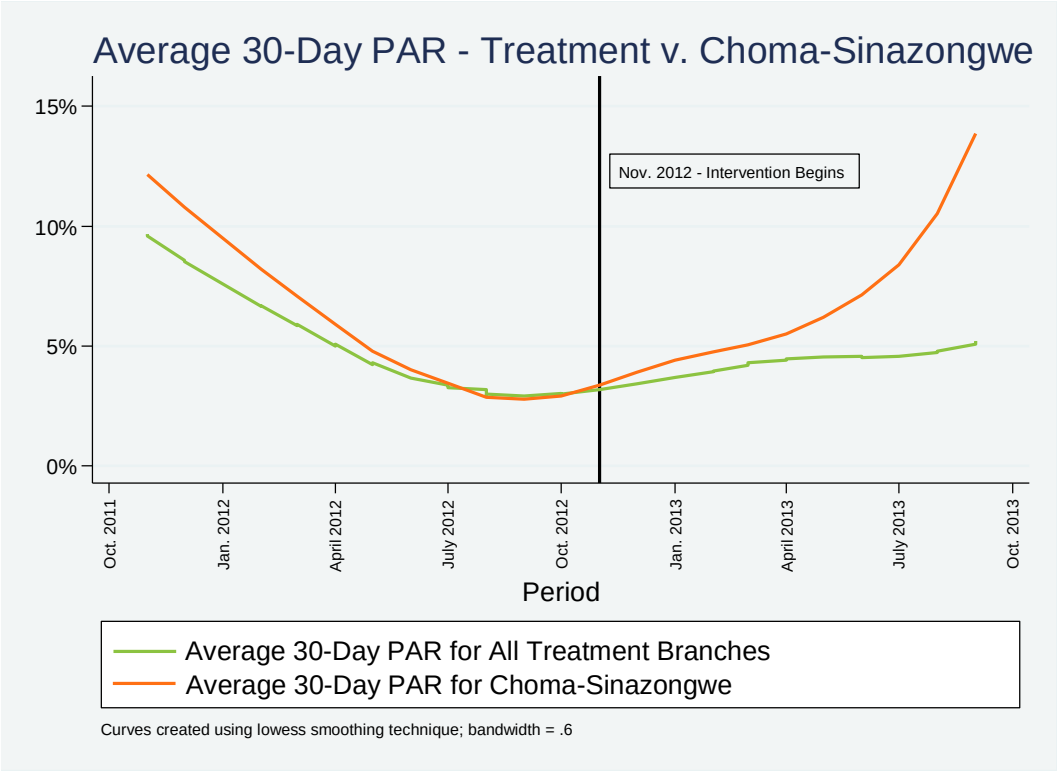
DESCRIPTIVE COMPARISON

While we chose to omit Choma-Sinazongwe from the regression analysis because of the lack of clarity regarding its status as a treatment or control branch, the limited information available suggested that it is unlikely the training program was instituted widely throughout the branch, if it all. Thus, while it might not be a true "control," it does provide us with the opportunity to make conjectures about what may have happened in the absence of the consumer education training program.

We examined the trend between average 30-Day PAR at Choma-Sinazongwe and the average of the treatment branches. We fitted LOWESS (locally weight scatter plot smoothing) curves to the data using STATA. What the results show is that prior to the intervention occurring, there seemed to be a steady decline in the average 30-Day PAR until approximately September 2012 at which point rates reached a two-year low of about 3 percent. It was at this low-point that the consumer education intervention occurred.

Given the historic low in VisionFund's 30-Day PAR rates, it is unsurprising to see rates begin to rise entering 2013. What is notable, though, is the difference in the rate of increase between the treatment branches and the Chomas-Sinazongwe branch. A gap between the branches begins to emerge immediately following the start of the intervention and grows at a reasonably steady rate until April 2013. At this point, Choma-Sinazongwe's PAR increases dramatically. The treatment group, however, maintains relatively stable PAR levels for the duration of this period. While we cannot definitively point to the consumer education program as being responsible for this difference, the pattern is clearly associated with the introduction of the intervention.

Figure 12: Average 30-Day PAR – Treatment v. Choma-Sinazongwe



CONCLUSIONS AND IMPLICATIONS

This consumer education project provided important insights both into the development, implementation, and effectiveness of using consumer education to support the adoption of branchless banking and into the challenges of scaling up branchless banking services. Below are the major conclusions and implications that emerged from this analysis.

IMPROVED FINANCIAL CAPABILITIES OF PARTICIPANTS

The IDIs and FGDs make clear that the training program was well-received by both clients and credit officers. In addition to general enthusiasm by credit officers, who felt that the program improved their clients' money management capabilities, clients themselves reported increased confidence with regard to money management and more trust in financial services as a whole. The survey data and VisionFund MIS data provided a variety of evidence in support of these findings.

Although there was significant attrition and contamination in the original survey sample, statistical analysis showed that, all else equal, there was a statistically significant improvement in knowledge on six of the 12 survey questions and positive but not significant results on five of the remaining questions. With the qualitative information, this suggests that the training had a meaningful impact on the knowledge and skills necessary to enact money management decisions.

Further evidence of an impact comes from the VisionFund MIS data, which suggest that improved knowledge and increased skills resulted in tangible behavior change in the form of groups who received education training asking for smaller increases in their next loan than those who received no training. The results of the analysis of VisionFund's PAR data shows additional evidence in support of tangible behavior change as branches that provided consumer education to its clients had a lower average 30-day PAR after the training program occurred than before. Collectively, these data sources all point to the same conclusion: the CEBB training program improved participants' financial capabilities.

BETTER UNDERSTANDING OF LOAN DISBURSEMENT PROCESS BY CLIENTS

Clients and VisionFund staff had multiple complaints about Zoona's service ranging from issues of liquidity to infrastructure and customer service. Despite that, there did appear to be an improvement in clients' understanding of the loan disbursement process. As mentioned previously, credit officers noted that the session on receiving loans from Zoona had a noticeable impact on reducing client anxiety and dissatisfaction with the disbursement process. There is some, but limited, evidence to support this in the knowledge survey data. The results showed that clients showed meaningful improvement on questions about whether they should go to receive their loan with their group or alone and on how to read a loan related SMS message. A participant in the Chongwe focus group highlighted this distinction between a better understanding of the process and still having to navigate the other challenges when she said: "In my assessment, the reception at Zoona is good and the procedures are okay, especially if all the requirements are complied with. Then it is just a matter of the money being available."

PARTNERS STRUGGLED TO MANAGE THEIR PARTNERSHIP FOR SUCCESS

It was clear that Zoona's expectation was that partnering with VisionFund would give them access to a larger client base and that loan disbursements could lead to other profitable offerings, specifically loan repayments. This idea was partially correct. The number of VisionFund clients using Zoona's loan disbursement services increased significantly from the outset of the partnership and the money transfer service seemed to effectively capture and retain customers. Growth in other services, however, was hampered (according to Zoona) by VisionFund's unwillingness to promote them while members of VisionFund argued that Zoona's services were plagued with infrastructure, liquidity, and general customer service problems. Additional complaints about the partnership were that the disbursement timeline of VisionFund put too much pressure on Zoona agents, requiring them to transport, hold, and disperse large sums of cash on specific occasions which ran into internal regulatory requirements and raised safety concerns.

The main issue underpinning all these challenges was the question of how to effectively integrate a burgeoning client base into a new and reasonably complex financial service. Zoona expanded its agent network and distributed large amounts of unsecured cash to its agent network in an attempt to meet liquidity demands but its efforts were not enough. They were simply unable to continue to handle the pressure and VisionFund would not change its disbursement schedule which exacerbated the challenge.

In addition, each new VisionFund client entering the Zoona system was a high cost client because of the level of investment necessary to get them comfortable with the product. Clients who lacked knowledge on what to bring to receive their loans, who they should go with, and how to use their mobile devices appropriately all slowed down disbursement processes resulting in frustration by all parties. Importantly, consumer education did have an impact on mitigating these challenge by improving clients' comfort and knowledge of the service, which makes it interesting to think about what the impact of the program could have been had it been given *before* the integration of these two services ever began rather than when the partnership was under the most stress.

Ultimately, the capacity of these two partners to manage the significant, complex growth seen in the data and capitalize on possible opportunities was too low to allow the partnership to be successful. Capacity has multiple elements of course. Leadership, resources, and motivation are a few that stand out in this discussion. Partnerships also have multiple requirements like commitment to success and a willingness to collaborate and adapt to changing circumstances. It is difficult to identify where the partnership was lacking with information provided here, but several clear problems, identified during the mid-pilot assessment yield the following observations:

1. VisionFund could have expanded the business model and product offerings to introduce saving facilities, among other initiatives within the constraints of law. This would have ensured that training in consumer education resulted in the easy access of relevant financial solutions to facilitate behavior change. If done in conjunction with Zoona, this may have opened up a pathway to viable business initiatives.

2. Dedicated partnership management teams, with the support of senior leadership, could have been established both at VisionFund and Zoona to serve as the corner stone of collaboration and provide a clear means by which the two parties could communicate and make decisions.
3. Both firms needed to be willing to invest in the success for the partnership for it to have continued. For Zoona, continuous investment in customer service measures would have been useful to help standardize Zoona's customer service measures and performance, thereby improving customer service outcomes and reducing customer complaints. A regional customer service center could have been established to complement the centralized telephoning system to bring customer service closer to the clients and ensure communication with a service agent in the client's preferred language.
4. Both parties needed to be willing to adapt their programs and policies in response to changing conditions. For instance, delays in loan disbursement needed to be addressed to ensure adequate liquidity and assist with cash management. This is especially important because agent booth locations are not a conducive waiting place for clients when there are delays. If VisionFund's dispersal patterns were the cause of part of this issue they should have been addressed.

Even if these recommendations were put in place, they only serve as a tourniquet to problems if the key initial question was not answered in the affirmative: Do the right conditions exist for this partnership to be fruitful?

This is by no means an easy question to answer, but knowing whether the foundational elements of success are present is critical to not only the partnership but the effectiveness of programs and interventions instituted by the parties. The value-added for the parties needs to be considered, independent and joint SWOT analyses performed, and clear parameters established. While this does not ensure (and would not have ensured) a successful partnership, it would have helped mitigate issues that negatively impact clients, including the effectiveness of the consumer education training and people's trust in mobile financial services.

ANNEXES

ANNEX 1 – MODULE OVERVIEW

Learning Sessions At A Glance	
Session Title	Purpose of the Session
1. When Is a Loan Good or Bad for the Borrower?	• Recognize the obligations that come with taking a loan, including repayment with interest and group membership • Identify the potential risks and benefits of taking a loan • Distinguish between a good loan and a bad loan • Determine what they should know before borrowing to help ensure that their loans are productive.
2. Your Loan Has Arrived : What to Do With Your Group	• Define what the MTZ loan system is • Discuss the roles and responsibilities of MTZ agents, loan officers and clients in loan system • Review the features of the loan collection system and how the system works • Practice steps to collect their loan with their group
3. Repaying Your Loan With Your Group & Another Way to Send Money to Family	• Identify steps to repay a loan with their group • Evaluate the possible benefits and drawbacks with the loan system • Become familiar with the general features of the MTZ Money Transfer service • Identify the costs of sending money through MTZ
4. Zoona Account: A New Way to Manage Your Money	• Identify the features of a Zoona account • Identify the fees associated with the service • Identify the benefits of the service • Identify strategies for choosing a PIN • Review the procedures for cash deposits • Discuss the safety of the service and additional protection measures customers can take
5. Managing Challenges With Using Your Zoona Account	• Discuss profile/background of MTZ • Define roles of MTZ and loan officers in troubleshooting process • Review steps to safeguard accounts or prevent problems with transactions • Identify steps to resolve common concerns or challenges with using MTZ service
6. Tracking Your Income and Expenses	• Define what a spending record is • Identify the purpose of a spending record to track weekly income and expenses • Create a spending record as a large group
7. Tracking Your Business Income and Expenses	• Recognize the value of keeping business expenses separately from household expenses • Analyze the profitability of a business for a month • Evaluate how to manage the profit from one's business
8. Compare Ways to Save	• Identify savings options available to them • Evaluate the advantages and disadvantages of different methods of saving

ANNEX 2 – ZOONA COUNTERSHEET

HOW TO COLLECT A LOAN

ZOONA

1

Receive an SMS
1. **YOUR LOAN AMOUNT**;
2. **WHEN** your group must collect the loan; and
3. The Zoona **CUSTOMER CARE PHONE NUMBER**.

Save this SMS.

2

Gather your 4 items.

Your mobile phone should have the SIM card with the same phone number as on your loan application.

3

Go to the Zoona agent with your group on the correct day and time.

Show your NRC. Give your name and loan account number.

4

Enter temporary PIN 1.2.3.4 on the agent's mobile phone.

5

Receive an SMS with your **ONE-TIME PIN** code that "unlocks" your loan money.

6

Enter your **ONE-TIME PIN** code on the agent's phone.

7

Collect your loan money!

8

Receive a receipt from the agent.

ANNEX 3 – SURVEY REGRESSION RESULTS

	Question 4: "Charity's monthly loan payment is MWK 100,000. Charity earns MWK 60,000 a month and does not have any savings." Which kind of loan does Charity have?	Question 5: Before taking a loan, what should you do first?	Question 6: What is a PIN?	Question 7: When it is time to collect a loan at a Mobile Transactions or Zoona agent, should you go by yourself or with your group?	Question 8: What pieces of information do you need to bring with you when you go to collect your loan?	Question 9: What information does this SMS tell you?
	b/se/p	b/se/p	b/se/p	b/se/p	b/se/p	b/se/p
PrePost	0.27***	0.03	0.13*	0.07	0.15*	0.26***
	-0.06	-0.04	-0.06	-0.05	-0.07	-0.07
	0.000***	0.481	0.040*	0.126	0.045*	0.000***
	Question 10: Whenever Precious makes a loan payment at a Mobile Transactions or Zoona agent, she immediately receives an SMS afterwards. Why should Precious save this SMS?	Question 13 : What is a spending record?	Question 14: In a spending record, how do you calculate the money you have left at the end of a week?	Question 15: When you keep track of your expenses, should you keep track of your business expenses and your household expenses separately?	Question 16: What is the benefit of tracking your income and expenses?	Question 17: Which way of saving is regulated by the government so your money is protected?
	b/se/p	b/se/p	b/se/p	b/se/p	b/se/p	b/se/p
PrePost	0.12	0.27**	0.32***	0.06	0.06	-0.04
	-0.09	-0.09	-0.07	-0.08	-0.04	-0.06
	0.173	0.002**	0.000***	0.471	0.172	0.457

Only the coefficient of interest is being presented here to ease the review of the data, as this regression involves about 60 additional variables. For a full table of regression results please email info@mfopps.org.

ANNEX 4 – VISIONFUND MIS RESULTS

Difference in Rate of Increase of New Loan Request						
	Coef.	Std. Err.	T Score	P-Value	[95% Conf. Interval]	
Pre or Post	0.092	0.055	1.660	0.101	-0.018	0.202
Received CE	0.022	0.031	0.720	0.474	-0.040	0.085
Interaction	-0.121	0.045	-2.670	0.009	-0.211	-0.031
Loan Period	0.013	0.006	2.310	0.023	0.002	0.024
Loan Cycle	-0.002	0.000	-4.890	0.000	-0.003	-0.001
Branch (Chongwe Omitted)						
Chingola	0.123	0.033	3.740	0.000	0.057	0.188
Choma	0.197	0.035	5.670	0.000	0.128	0.267
Chipata	0.063	0.047	1.330	0.187	-0.031	0.156
Chirundu	0.073	0.025	2.950	0.004	0.023	0.122
Kasoma	0.297	0.085	3.480	0.001	0.127	0.467
Kitwe	0.063	0.029	2.160	0.034	0.005	0.121
Lusaka	0.101	0.029	3.450	0.001	0.043	0.159
Mbala	0.148	0.039	3.820	0.000	0.071	0.225
Monze	0.170	0.034	5.030	0.000	0.103	0.237
Sinazongwe	0.143	0.026	5.440	0.000	0.090	0.195
Solwezi	0.253	0.044	5.760	0.000	0.165	0.340
Period						
Mar-10	0.622	0.051	12.200	0.000	0.520	0.724
Apr-10	0.456	0.089	5.110	0.000	0.278	0.634
May-10	0.569	0.089	6.360	0.000	0.391	0.748
Jun-10	0.422	0.070	6.000	0.000	0.282	0.562
Jul-10	0.430	0.059	7.230	0.000	0.311	0.548
Aug-10	0.360	0.046	7.880	0.000	0.269	0.451
Sep-10	0.309	0.057	5.400	0.000	0.195	0.424
Oct-10	0.266	0.049	5.380	0.000	0.168	0.365
Nov-10	0.267	0.053	5.050	0.000	0.162	0.372
Dec-10	0.146	0.050	2.920	0.005	0.046	0.245
Feb-11	0.035	0.054	0.650	0.520	-0.072	0.142
Mar-11	0.061	0.079	0.760	0.447	-0.097	0.219
Apr-11	-0.019	0.062	-0.310	0.755	-0.143	0.104
May-11	-0.023	0.056	-0.410	0.681	-0.135	0.089

Jun-11	-0.055	0.066	-0.830	0.407	-0.187	0.077
Jul-11	0.054	0.056	0.970	0.336	-0.057	0.165
Aug-11	0.035	0.054	0.640	0.523	-0.073	0.143
Sep-11	0.013	0.060	0.220	0.825	-0.107	0.133
Oct-11	0.003	0.054	0.060	0.953	-0.105	0.112
Nov-11	0.057	0.057	1.000	0.319	-0.056	0.170
Dec-11	0.017	0.059	0.290	0.771	-0.101	0.136
Jan-12	0.091	0.064	1.420	0.159	-0.037	0.220
Feb-12	-0.002	0.051	-0.050	0.963	-0.105	0.100
Mar-12	0.047	0.049	0.950	0.347	-0.051	0.144
Apr-12	0.012	0.045	0.260	0.793	-0.078	0.102
May-12	0.045	0.049	0.920	0.361	-0.052	0.141
Jun-12	0.076	0.055	1.380	0.173	-0.034	0.187
Jul-12	0.086	0.052	1.670	0.100	-0.017	0.189
Aug-12	0.060	0.042	1.440	0.153	-0.023	0.143
Sep-12	0.009	0.058	0.150	0.880	-0.107	0.124
Oct-12	0.005	0.056	0.090	0.929	-0.107	0.117
Nov-12	-0.007	0.048	-0.140	0.891	-0.103	0.089
Dec-12	-0.063	0.056	-1.130	0.262	-0.174	0.048
Jan-13	-0.021	0.056	-0.370	0.713	-0.131	0.090
Feb-13	-0.020	0.045	-0.450	0.657	-0.109	0.069
Mar-13	-0.047	0.050	-0.950	0.343	-0.146	0.051
Apr-13	-0.022	0.040	-0.560	0.580	-0.102	0.057
May-13	-0.093	0.055	-1.700	0.094	-0.201	0.016
Jun-13	-0.088	0.045	-1.960	0.053	-0.177	0.001
Jul-13	-0.101	0.054	-1.880	0.064	-0.209	0.006
Aug-13	-0.027	0.039	-0.700	0.487	-0.105	0.050
Sep-13	Omitted because of collinearity					
Constant	0.175	0.050	3.520	0.001	0.076	0.273

ANNEX 5 – PAR DATA ANALYSIS RESULTS

Average 30-Day PAR						
	Coef.	Std. Err.	Z Score	P-Value	[95% Conf. Interval]	
Pre Post	-0.077	0.013	-5.8	0.000	-0.103	-0.0511651
Branch						
Chipata	-0.022	0.019	-1.2	0.250	-0.060	0.016
ChongLusak	-0.009	0.014	-0.7	0.508	-0.036	0.018
Kitwe	-0.015	0.017	-0.9	0.397	-0.049	0.019
Monze	-0.012	0.02	-0.6	0.545	-0.052	0.027
Solwezi	-0.005	0.014	-0.4	0.722	-0.033	0.023
Period						
Dec-11	0.0027	0.007	0.37	0.710	-0.011	0.016659
Jan-12	-0.052	0.016	-3.3	0.001	-0.083	-0.0210886
Feb-12	-0.036	0.01	-3.7	0.000	-0.055	-0.0171171
Mar-12	-0.057	0.011	-5.4	0.000	-0.078	-0.0360357
Apr-12	-0.055	0.011	-4.8	0.000	-0.077	-0.0320831
May-12	-0.056	0.012	-4.6	0.000	-0.079	-0.0319233
Jun-12	-0.066	0.012	-5.3	0.000	-0.09	-0.0417788
Jul-12	-0.091	0.013	-7.2	0.000	-0.116	-0.0663026
Aug-12	-0.093	0.013	-7.2	0.000	-0.118	-0.067723
Sep-12	-0.095	0.013	-7.3	0.000	-0.12	-0.0692535
Oct-12	-0.102	0.013	-7.8	0.000	-0.128	-0.0764327
Nov-12	-0.016	0.013	-1.2	0.215	-0.042	0.0094338
Dec-12	-0.01	0.013	-0.8	0.446	-0.035	0.0155593
Jan-13	0.0077	0.013	0.6	0.551	-0.018	0.0328995
Feb-13	0.0162	0.013	1.28	0.202	-0.009	0.0410496
Mar-13	0.0035	0.012	0.29	0.775	-0.021	0.027881
Apr-13	0.0036	0.012	0.3	0.766	-0.02	0.0271636
May-13	-0.007	0.011	-0.6	0.562	-0.029	0.0158448
Jun-13	-0.012	0.011	-1.1	0.276	-0.032	0.0092625
Jul-13	-0.004	0.009	-0.5	0.639	-0.023	0.0139349
Aug-13	0.015	0.007	2.1	0.036	0.001	0.0289891
Sep-13	Omitted because of collinearity					
Constant (Chingola - November 2011)	0.1225	0.014	8.73	0	0.095	0.1499982