

Working Paper Series 14

Gender - Balance and Microfinance Product Development

By Muzigiti Geoffrey and Schmidt Oliver



AMFIU



giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

THIS WORKING PAPER IS THE OUTCOME OF A JOINT PROJECT OF MOUNTAINS OF THE MOON UNIVERSITY, THE GIZ FINANCIAL SYSTEMS DEVELOPMENT PROGRAMME IN UGANDA, AND THE GIZ PROGRAMME ON GENDER EQUALITY AND PROMOTION OF WOMEN'S RIGHTS, IMPLEMENTED ON BEHALF OF THE GERMAN MINISTRY FOR ECONOMIC COOPERATION AND DEVELOPMENT.

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Published by

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This working paper was published with financial support from GIZ on behalf of the German Ministry for Economic Cooperation and Development

Revised Version May 2013

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LIST OF ACRONYMS

AMFIU	Association of Microfinance Institutions of Uganda
APR	Annual Percentage Rate
BBDF	Bachelor of Banking and Development Finance
GIZ	Deutsche Gesellschaft fuer Internationale Zusammenarbeit
GoU	Government of Uganda
FSD	Financial Systems Development
Iceme RF	Iceme Rural Farmers' SACCO
MAMIDECOT	Masaka Microfinance Development Cooperative Trust
MDI	Microfinance Deposit Taking Institutions
MF	Microfinance
MFI	Microfinance Institution
MMU	Mountains of the Moon University
Muhame FS	Muhame Financial Services SACCO
NGO	Non governmental Organisation
SACCO	Savings and Credit Cooperative
UCA	Uganda Cooperative Alliance
UGX	Uganda Shillings
UMU	Uganda Martyrs' University
UWT	Uganda Women Trust

1 INTRODUCTION AND BACKGROUND

Microfinance has enabled millions of women and men in rural areas formerly excluded from the financial sector to gain access to these services. This working paper seeks to give an overview of the experiences from developing 6 new products for 3 large savings and credit cooperatives (SACCOs) in different regions of Uganda with a particular focus on gender-balance. It also highlights the core product development issues and lessons learned.

Gender-balance here refers to a product portfolio which offers equal value propositions for male and female members. It does not mean that each product is used by an equal number of men and women. It means that across all products, i.e. the product portfolio, the SACCO serves approximately equal numbers of men and women. In a more ambitious formulation, it would mean that under each financial instrument the SACCO serves approximately equal numbers of men and women. That means that the SACCO attracts about the same number of male and female savers, the same number of male and female borrowers, the same number of male and female members using money transfers or insurance products if applicable.

Product development is about generating or identifying ideas for products that do not yet exist (or for the modification of existing products), and successfully launching fully-fledged products to the market, and the link between the two.

The first focus of this working paper is on the process of generating / identifying ideas, which had two major elements. On the one hand, this product development exercise was part of a 'Gender and Microfinance' project. This project was designed and funded by GIZ Financial Systems Development (FSD) programme in Uganda in cooperation with the GIZ programme "Gender equality and promotion of women's rights", on behalf of the German Ministry for Economic Cooperation and Development. In this working paper, the focus is on gender-balanced products; a first and unique approach in microfinance. We are aware that our brush through the concepts of gender hardly scratches the surface (section 2); please consult the literature for more depth. We very briefly, and surely incomprehensively, outline the project, of which the 'client-SACCOs' are partners (section 3). On the other hand, the project built on a thorough market survey with extremely rich facets on financial behaviour of rural and semi-urban Ugandan MF-customers. The dataset allows to study a wide range of analytical perspectives (see exemplarily Meier zu Selhausen

et al, 2011; Kyomugisa, 2012). Here we outline some of the major findings with regard to the objective of improving the gender-balance of MF products (section 5).

The second focus, maybe most pertinent for the practitioner-reader, is on the pilot planning and testing experience. The techniques and frameworks are known from the literature; we show where challenges lay in their application in Uganda, more specifically in SACCOs under sections 4 and 6.

In summary, what we have achieved is to offer a lively, relevant and timely account of one of the most important activities of any company: To develop and provide products that add value to customers. With a large fraction of Ugandans still under and unbanked, in particular rural communities, and especially women, MFIs of all tiers have a lot of work to do. Gratefully, development partners like GIZ have been generous in providing resource for this core task of any MFI. Moreover, in the long run possibly more relevant, they have given local support providers like networks (AMFIU, UCA) and universities (like UMU and MMU) the opportunity to build the relevant technical expertise. Hereafter, we lay before the reader how the team of Mountains of the Moon University (MMU) has handled this opportunity.

2 GENDER AND MICROFINANCE

2.1 Gender, rights, and development

Gender is not about women; it is about the socially constructed roles of women and men. Gender-balance means that men and women face equal choices, opportunities and burdens.

Poverty largely affects women in most low-income countries, women work more and earn less, eat less and are schooled less if means are scarce, and are more often victims of violence than men. It has been observed that the 'female face' of poverty is closely related to gender-based inequality and even discrimination: In many low-income countries, women do not have the same rights as men either formally-legally or informally-factually. Women's rights are curtailed with regard to choosing a partner for marriage, using of resources within the household (as daughters as well as spouses), protection from violence within the marriage and extended family, and generally the rights to property and to freedom of movement and expression.

Therefore, gender is a human rights theme. Formal and factual equality of rights of women and men ('gender equality') has been stipulated as a norm of several international agreements that

'have been signed by most governments and aid agencies, whereby gender equality of opportunity and women's empowerment are goals in and of themselves' (Mayoux, 2011:614).

Gender is a development issue beyond human rights. It has been found that economic growth is substantially positively correlated to the promotion of gender equality (Mayoux, 2011). Hence, promoting gender equality makes all people in a country better off. Thus, e. g. German development cooperation recognises the promotion of gender equality as a cross-cutting issue. Germany's policy is based on international agreements on women's rights. It aims to involve women and men equally in the development process and to improve women's position and their empowerment in the long run.

However, World Bank (2012) records that increases in income is at best loosely correlated to improved women rights vis a vis men, i. e. gender balance.

'African women argued that women were part of class structures and different cultural settings, which has direct impacts on their lives and hence shaped their specific needs and interests. Generally it can be argued that feminism in many African countries is not [...] concerned with issues such as female control over reproduction or variation and choice within human sexuality, or with debates about essentialism, the female body, or the discourse of patriarchy. The feminism that is slowly emerging in Africa is distinctly heterosexual, pronatal, and concerned with "bread, butter, and power" issues". This is why, in terms of development, the focus has been put on empowering women, as women with their so-believed female characteristics have proven to promote development' (Hamaus / Meier zu Selhausen, 2012:97, with further references).

Sub-Sahara Africa has recorded reduction of its gender-biases, measured in improved female empowerment (Hamaus / Meier zu Selhausen, 2012:101). Uganda has been appreciated for efforts to improve the legal status of women and their representation in leadership. Notably, each district has a woman MP, and the first female Vice-President in Africa served in Uganda (Ms. Specioza Kazibwe, 1994-2003). However, for the year 2000 its score for women's empowerment is just below the average of 32 Sub-Saharan countries (Hamaus / Meier zu Selhausen, 2012:99-101).

2.2 Women and Microfinance

Microfinance was (re)invented in the 1970s to

reach out to unbanked, low income strata of the population. The 1970-pioneer providers of microfinance – SEWA-bank in India and Grameen Bank in Bangladesh – focused exclusively on women. On the one hand, women were, and are, the major constituency of the unbanked and low-income population. On the other hand, the new methodology of group lending proved to work extra-ordinary well with women. The perception has come to dominate among MF practitioners and scholars that women represent a lower repayment risk than men.

'Kiswuula ne zikokolima [women wash their husbands].' (Focus Group Discussion in Masaka)

However, scholars of gender relations have argued that microfinance does not promote gender equality, but rather deepens existing biases. The exclusive access to group loans by women may lead to men 'fronting' their wives or other female relatives to access the loan, but to appropriate the money whence it is disbursed. Yet, the repayment pressure will be on the woman who is the group member and nominal borrower. Furthermore, women who take 'orderly' micro-loans are burdened with running the according micro-business and stretching themselves to repay, in addition to their numerous duties in the household. This may be further accentuated if the husband reduces his contribution to the household expenditures on the grounds that his wife now commands increased means (e. g. Armendariz/ Murdoch 2010).

'The gender of finance is shaped both by supply and demand. Firstly, financial providers adopt specific rules which are more or less gender-biased and adapted to constraints faced by men and women, based on procedure, type of collaterals and criteria used for the construction of creditworthiness. Secondly, in most societies men and women have specific financial rights and financial obligations, such that the gender of rights and obligations largely shapes the gender of financial needs. The gender of finance most commonly translates into restrictions for women. Such restrictions may be formal and explicitly defined, for instance, when married women are not legally permitted to open a bank account without the consent of their husband. In many cases however, these restrictions are implicitly defined and take indirect routes' (Guerin, 2011:590 [with further references]).

In Uganda, the different segments of the microfinance sector have focused on women by different degrees. NGO-MFIs had the strongest

Box 1: GIZ-FSD's Gender and Microfinance project

Based on its study on Gender in SACCOs (Kamuhanda 2009), the GIZ FSD Programme in Uganda drafted a Gender Strategy and started a pilot within 3 SACCOs (Mamedicot, Iceme Rural Farmers and Muhame Financial Services) in order to integrate gender concerns and to increase women's participation at membership, governance and management level within the SACCOs.

In these endeavours, FSD has partnered with the Association of Microfinance Institutions in Uganda (AMFIU), the Ugandan Cooperative Alliance (UCA), Uganda Women Trust (UWT) and Mountains of the Moon University (MMU). MMU is an innovative provider of rural microfinance training. Its department of banking and microfinance formed a team of 3 senior researchers and 9 research assistants – students of the bachelor in banking and development finance (BBDF) - to carry out the assignment under this GIZ project.

The project component in MMU's responsibility aims at improving gender-balance at the level of products. That refers to reaching out to male and female members equally and to actively integrate the perspective of gender in the product design process.

GIZ FSD's Gender and Microfinance project won the first prize of GIZ internal gender competition 2012, among entries from 53 countries.

focus on female customers, which is diffused somewhat by the largest of them having transformed into MDIs (Blatter et al, 2006).

It has been known for some time that the cooperative microfinance segment has neglected women. Kamuhanda (2009) shows that women face barriers at various levels: becoming members, joining the board, borrowing and savings are all skewed towards the needs of men and often discourage women from participation. It is to this background that the GIZ FSD Programme in Uganda initiated the 'Gender and Microfinance' project (box 1).

3 THE 'CLIENT-SACCO': ICEME RF, MAMIDECOT, MUHAME FS

3.1 An overview of SACCOs in Uganda

The number of savers in Ugandan SACCOs is estimated to be about 800,000. In most Ugandan SACCOs, all members are savers, thus it approximates the number of members who have joined SACCOs. GoU-data shows that a majority of these SACCOs were formed in the 2000s. Agabalinda (2012) reports that as of June 2011 the Government of Uganda (GoU) supported 735 SACCOs who comprise of 448,307 members with an average outstanding savings portfolio per member of UGX 100,000.

A large part of the SACCO members are concentrated in a relatively small number of SACCOs. The 'top-segment' comprises of about two dozen or so SACCOs with several thousand members each, and hundreds of billions of member savings. Most of these SACCOs are located in the Western region, some are found in Central and Northern regions. Wazalendo SACCO which caters for the members of the army is probably the largest SACCO in the country, with about 62,000 members served through branches all over Uganda, the average savings portfolio per member is UGX 277,000 (AMFIU 2011).

Efforts are under way to fundamentally improve the regulatory framework of this SACCO segment, with a view to protect their members' savings, to harness further growth potential, and at the same time control systemic risk.

3.2 Iceme RF (Iceme, Oyam)

Iceme Rural Farmers' (RF) SACCO was founded in 2006. Its head office is located in Iceme, Oyam District that was carved out of Lira District.

With over 4,000 members, Iceme RF is counted among the large SACCOs in Northern Uganda.

AWARD WINNING TEAM



BANKING ON WOMEN (AND MEN) FOR DEVELOPMENT

FINANCIAL SYSTEM DEVELOPMENT PROGRAMME, UGANDA

CONTEXT

In Uganda, the traditional responsibility for financial management lies with men. Especially in rural areas, financial institutions hardly focus on women, who in turn are not interested in their offerings: Why should they take a loan to buy a motorbike which they are not allowed to ride? Women would be much more interested in saving for the school fees of their children. And still, fearing spousal interference, they tend to hide their money under the mattress rather than saving it with a financial institution. As a consequence, Savings and Credit Cooperatives (SACCOs), which are mostly used by the rural poor to finance business and living, count less than 30% of women at membership, management and governance levels.



INITIATIVE

After observing these imbalances through a gender study, the GIZ Financial Systems Development programme piloted a project to improve gender equality in three rural SACCOs with a total of 25 000 members. We

cooperated with partners on all levels: the Association of Microfinance Institutions of Uganda (AMFIU), Uganda Cooperative Alliance (UCA), a local NGO, and the Mountains of the Moon University.

To increase the awareness of SACCO board and staff members, we trained them in gender concepts and issues.

To institutionalise gender permanently in their organisations, we supported the development of a gender policy. To attract a more balanced membership, we advised SACCOs on how to best target men and women in their communications and mobilization campaigns.

Via a striking radio campaign, men in the surrounding communities were shown the benefits of women joining SACCOs. To enable financially illiterate women to join SACCOs, we enabled community based facilitators to mobilize women and their husbands in groups and train them in basic loans and saving techniques. Finally, with the help of researchers and students of Mountains of the Moon Uni-



versity, we developed women-friendly financial products so that school fees savings can now be offered next to motorbike loans.

GENDER IMPACT

In the pilot areas, SACCO membership has risen considerably. In one SACCO, two thirds of the 500 new members are women. Another SACCO now has a female manager. All three have adopted the rule of having a one third female participation on their boards. Managers have realised the new potential, as one puts it: *"Most women don't default; even if the repayment is late, they will communicate; women are good savers and good at mobilizing other members."*

The pilot strengthened our partners and taught us a lot about gender and gender mainstreaming. We realized the importance of targeting men and women jointly in order to create behavioural change. We also saw that all social change needs time. Based on these and many more lessons learnt, we are now planning, together with other donors, the roll out of the project to 25 more SACCOs.

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Therefore, Iceme RF is working towards strengthening its management systems, in particular by introducing a comprehensive computerised platform.

Iceme RF has introduced a choice of loan and savings products, and it also offers money transfers through MTN Mobile Money. It has managed to operate and grow in locations remote of urban centres. Hence, it does not face stiff competition from other financial institutions, which are relatively far away. Iceme RF mainly targets the rural farmers whose main business activity is agriculture.

Iceme RF business model is built on loans to farmers and existing micro- and small-enterprises that have short term working capital turn over. Per 31st Dec. 2010, Iceme RF reported 4,405 savers and 323 active borrowers. 80.7% of active borrowers are men.

3.3 MAMIDECOT (Masaka)

Masaka Microfinance Development Cooperative Trust (MAMIDECOT) was founded in 1991. Its head office is located in Nyendo, a suburban marketplace (and location of the major taxi park) to the town of Masaka. MAMIDECOT has branches in Lukaya, Kalungu and Bukomasimbi.

Per 31st Dec. 2010, MAMIDECOT reported 13,097 savers and 2,503 active borrowers. Only 39% of active borrowers are women, but 49% of savers (AMFIU 2011).

As one of the large SACCOs that may fall under prudential regulation in the near future, MAMIDECOT is working towards strengthening its management systems, in particular by introducing a comprehensive computerised platform.

MAMIDECOT has introduced about a dozen loan and savings products, and it also offers money transfers through MTN Mobile Money. It is one of the first SACCOs to have introduced education-oriented savings accounts for students; the accounts are marketed directly in schools.

MAMIDECOT has managed to operate and grow in a very competitive environment. Several regulated financial institutions have branches in Masaka, in particular three MDIs and Opportunity Microfinance which are largely targeting the same semi-urban customer segment as MAMIDECOT.

MAMIDECOT business model is built on loans to existing micro and small-enterprises that have short term working capital turn over. That is all sorts of trade, including lightly processed goods,

e. g. as refined second hand clothes, and short-period production, e. g. eggs and chicken meats. MAMIDECOT has introduced some consumption-oriented loans and savings, presumably mainly to mitigate credit risk of its core products (i. e. to de-incentivise diverted loan use).

3.4 Muhame FS (Kabwohe, Sheema)

Muhame Financial Services cooperative was founded in 2000. Its head office is located in Kabwohe town, Sheema district (Formerly in Bushenyi District). Muhame Financial Services has branches in Kaberebere, Rubindi and Nsika. Per Dec. 2010, Muhame FS reported 6,950 members out of which 1,580 were active borrowers. Only 20% of clients and borrowers respectively were women. Number and gender-disaggregation of savers was not provided.

Muhame FS is one of the large SACCOs in Uganda. Like MAMIDECOT, Muhame FS is working towards strengthening its management systems, in particular by introducing a comprehensive computerised platform.

Muhame FS has a choice of about a dozen loan and savings products, and it recently introduced money transfers through MTN Mobile Money. Muhame FS has managed to operate and grow in a very fast growing environment with several regulated financial institutions finding their way into the market, in particular Pride Microfinance which is largely targeting the same semi-urban customer segment as Muhame FS. However, Muhame FS has positioned itself as the people's bank, and therefore, commands a reasonable market share despite the entry of regulated financial institutions. Muhame FS business model is built on attracting the local business community to take loans that are strongly backed by member shares. Its main attraction is a savings account that has no transaction charges; hence the local businesses use Muhame FS as their 'liquidity box', and transact large amounts as business requires. Yet, across the many transactions, the total savings portfolio of Muhame FS has been growing over the years.

4 THE PROCESS OF PRODUCT DEVELOPMENT

4.1 Supply- and demand-driven MFIs

While many MFIs have emerged, their outreach to and their effect on the rural poor has remained thin. Moreover, many MFIs have died in their infant stages. This may partly be attributed to lack of product innovation in the microfinance sector.

The MFI product is defined as a financial service that customers purchase because it fulfils a particular need. An ideal MFI product needs to create balanced value for both the client and the MFI. It being a service, the person delivering it and the manner in which that product is delivered is part of the product. For instance a savings product available from a distant office between 9am and 2pm is different from one available 5 minutes away during weekly meetings. Therefore, each product provides different worth to customers, and imposes different costs and demands on the MFI (Churchill/Frankiewicz, 2006). The most common types of MFI products are credit, savings and insurance. Some products also combine two of these categories, and some integrate financial with non-financial services.

Lack of market driven products that are responsive to client needs and wants has dented both the livelihoods and businesses of MFI-clients and the profitability of the MFIs. Microfinance in Uganda has by and large remained “supply-driven” with an overwhelming portion of their portfolio consisting of “one-size fits all” products that are delivered in a rather costly manner. The high dropout rate in MFIs points to inappropriately designed products that fail to meet the needs of the MFIs’ clients. Kamuhanda (2009) attributed the low participation of women in SACCOs among others to the MFI products which often are not adapted to their needs.

Much of this problem is rooted in MFIs replicating products from other institutions without reference to the economic or socio-cultural environment into which they are introducing them.

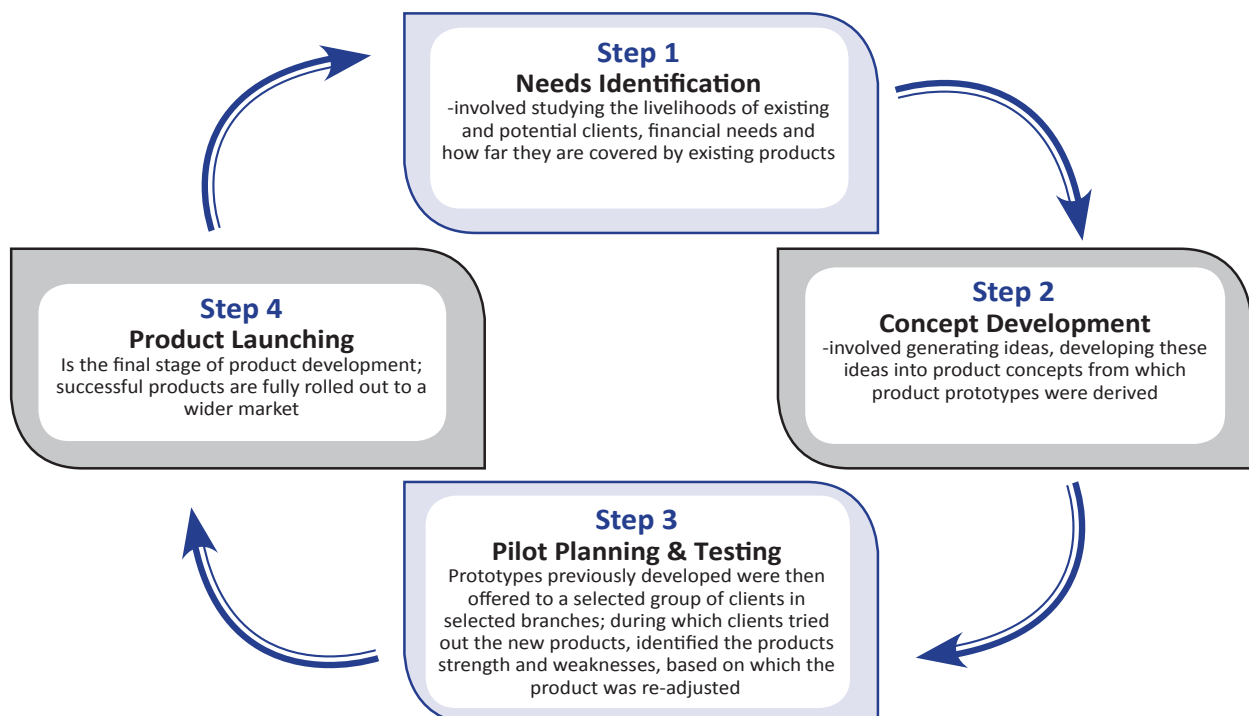
In contrast, demand-driven MFIs would have a strong marketing function to which product development is essential. Such MFIs would continuously refine their existing and develop new products that fit the ever changing needs of their clients. More client-responsive products will reduce drop-outs, attract increasing numbers of new clients and contribute substantially to the long-term sustainability of the MFI and significantly increase both market share and developmental impact of the financial services provided.

However, product development is a complex; resource-consuming step by step process that requires involvement of all stakeholders (customers, staff, management and the board) and commitment throughout the process from leadership (i. e. management and board).

4.2 The product development process for ‘gender-balanced products’

This project adopted a four step product development process as indicated in figure 1 in order to come up with a refinement of the client-SACCOs’ product portfolio to be more gender-balanced. The process is largely standardised (see e. g. Churchill/Frankiewicz, 2011). However, here, some activities under step 1 and step 2

Figure 1: A 4-step process for developing gender-balanced products



Source: Authors presentation, based on Churchill/Frankiewicz (2011:20/21).

were sequenced specifically in response to the project requirements (often, an organisation starts with idea generation, then substantiates those through market research, and moves from there to concept development. Here, the market research establishing the degree of gender-imbalance and the potential of financial products valuable to men and women laid the foundation for generating ideas).

Under step 1, the MMU team carried out market-research between May and July 2011, in coordination with the previous activities conducted by AMFIU/UCA/UWT as to build on their observations and results (see box 1). An overview of the research set-up and findings is given in section 5.

Step 2 'kicked off' with a 1-day-workshop held with each SACCO's management and members of the board of directors in October 2011. Participants discussed the survey findings as to appreciate the state of gender-balance – or imbalance – of the SACCO's business model and products. On that basis, they brainstormed on potential for improved gender-balance through changes in the products. From these carefully documented workshops, the SACCOs' management and board chose 2 product ideas each to be taken to concept development. The concepts were developed between November 2011 and January 2012 with support of a leading microfinance product expert in East-Africa, Mr. Peter Mukwana. He also attended the concept testing exercise in one of the SACCOs. Concept testing was carried out in January/February 2012 in each of the SACCOs. Under this activity, the product concepts were presented to the board, management and selected clients in a systematic manner to identify any features that may be unclear, or hindering, or otherwise require adjustment.

The SACCOs embarked on step 3 in March 2012. The project and hence MMU-involvement ended in October 2012, but most of the pilot-tests are still going on, due to the features (tenure, selling periods, etc.) of the pilot-products. This was the most intensive step for the SACCOs, as a detailed pilot planning protocol has to be worked through (box 2). The MMU-team held workshops with staff members from all concerned offices (teller/customer care, loan officers, internal audit, accounts, management and board) during which each SACCO formulated a detailed operational plan for the pilot phase. Again, one of these workshops was attended by the product development expert. Note that none of the SACCOs has located its marketing function in a distinct department.

Step 4 is the final step of the product development process whereby based on the pilot experience,

Box 2: Steps of pilot planning

1. Composing the Pilot Test Team
2. Developing the Testing Protocol
3. Defining the Objectives
4. Preparing All Systems
5. Modelling the Financial Projections
6. Documenting the Product Definitions and Procedures
7. Training the Relevant Staff
8. Developing Marketing Materials
9. Commencing the Pilot Test
10. Evaluating the Test

Source: Mukwana (2012).

the SACCOs are advised on rolling out the improved and/or new products. At this stage successful products are fully introduced on the market.

5 RESEARCH FINDINGS

5.1 Research objectives and design

From the overall objectives of the project under which this product development exercise was conceived (and financed) flow two specific objectives: On the one hand to identify the status of gender-balance of the three client-SACCOs' outreach, and on the other hand to identify demand for financial products that is not met by the SACCOs' current product portfolio.

Hence, the research was designed as a gap-mapping-analysis. A document-based review of the client-SACCOs' product portfolio established all the product features. It also unveiled the status of gender-balance of the SACCOs' outreach, overall and by financial instruments.

A quantitative and qualitative survey of SACCO-members as well as non-members from the respective areas of operation established major features of financial behaviour and perceptions of the 'product-users'.

A comparison of the product features and of the financial behaviour features brought out matches and mismatches between the two. Those financial behaviours that are not matched by product features represent potential for product development. That means adjustment of existing or creation of new products.

5.2 Research instruments

Product review

Box 3 gives the observation checklist on which the product review was based. It was applied through

1. in-depth, unstructured interviews with concerned staff members and in the case of Muhame FS with the Bushenyi Private Sector

Box 3: Observation checklist for Product Review

To be completed for each product:

- 1) Financial Instrument: Credit; Savings; Money Transfer; Insurance, Other (for combined-products, tick more than one)
- 2) Name of the Product / Product brochure
- 3) Target Market
- 4) Description of features
 - Rights and Obligations
 - Obligatory/voluntary pay-ins; contractual/optional pay-outs; fixed/notice periods
- 5) Documentation:
 - Passbook, Ledger card, statements, etc.
- 6) Charges:
 - Interest, fees, fines
- 7) Resources
- 8) Performance Targets
- 9) Reports:
 - Resources used; performance; assessment of market, particularly customer satisfaction etc.

Development Centre which had carried out a product consultancy for them;

2. document analysis of financial and operational reports; these included EXCEL-based loan supervisor reports, portfolio reports produced by MB-WIN (the computerised system used by all three SACCOs), audited accounts and in some cases planning documents such as business plans;
3. Process-oriented inquiry through analysing selected ledger cards, document forms and registers (application, appraisal etc) and other product documents (e. g. brochures) where applicable.

Survey

The **quantitative survey** was carried out through a structured questionnaire with 35 open- and closed-ended questions. They were grouped along five sections; i. e.

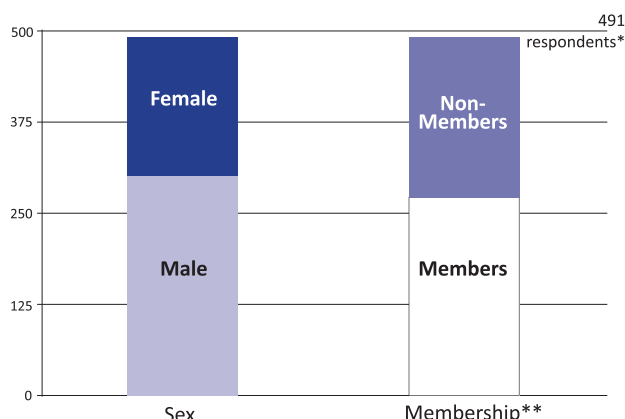
- 1) basic information about the respondent and his/her household respectively,
- 2) use of time,
- 3) sources of income (i.e. investments, business or agricultural production),
- 4) nature of spending (i.e. consumption, number of dependants) and
- 5) the nature of saving (i.e. in a SACCO, MFI or Bank).

Research assistants administered the questionnaire through one-to-one-interviews. Respondents were found by 'snowball-sampling', that is SACCO-staff introduced them to some members, and after responding, these introduced them to other people, either members or non-members.

The sample size was pragmatically chosen to consist of 100 members of each SACCO, and 50 non-members from the 'catchment area' of each SACCO, totalling 450 respondents. The actual sample exceeded the target by 43 respondents, however two questionnaires were found to be invalid (figure 2). The sub-samples for MAMIDECOT, Muhame FS and Iceme RF are 168, 163 and 160 respondents respectively.

The deviation from the targeted number of members and non-members respectively stems mainly from the Iceme-sub sample, where only 74 members but 86 non-members were interviewed.

Figure 2: Overview of the total sample



* Out of a total 493 questionnaires, 2 were invalid.
 ** SACCO members of Muhame FS, MAMIDECOT and Iceme respectively.

Figure 3 shows a comparison of the gender-composition of the sample and the respective SACCO-membership. The sample tends to over-represent women, which is justified by the objectives of the study.

Figure 3: Gender-composition of sample and SACCO-memberships

	Membership		Sample (SACCO members)	
	Male	Female	Male	Female
Iceme RF	69%	31%	60%	40%
MAMIDECOT	61%	39%	62%	38%
Muhame FS	80%	20%	62%	38%

The *qualitative survey* deployed focus group discussions (FGDs). The FGDs were structured based on the 'problem-action-tree', a participatory assessment tool from the Gender Assessment and Learning System (GALS, 2012).¹

The research team carried out 8 out of 9 planned FGDs; 3 in Muhame FS and Iceme RF catchment areas respectively, and 2 in MAMIDECOT catchment area. For the latter, the 3rd FGD failed because the group was located remotely, and the research team reached the place late when the group members had already left for their homes.

In total, the FGDs were attended by 41 men and 65 women (break-down by locations: Muhame FS: 12 male, 24 female; MAMIDECOT: 4 male, 21 female; Iceme RF: 25 male, 20 female).

5.3 The findings in a nutshell

Across all three locations (Masaka, Kabwohe, Iceme), women are less wealthy than men.

They earn less, fewer of them are SACCO members, fewer of them borrow, and they are often less educated. The difference is most pronounced in Iceme.

However, among the female SACCO members are some successful and enterprising women, who borrow and save like according male customers (i. e. not only with the respective SACCO but with a variety of places).

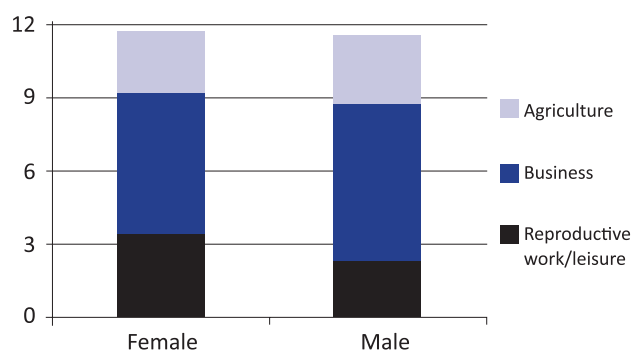
Their social profile is not very different from other women, except that the percentage of O-level holders is much higher, whereas other women often stopped at primary education.

Both male and female members of the SACCOs use a variety of financial institutions – SACCOs, informal groups, banks, savings at home; the respective SACCO is just one among different options. Non-

members show a much less diversified use of financial institutions. One may be bold to conclude that, over time, being a SACCO member triggers more diversified use of financial institutions (though it may not initiate it).

Gender-differences in use of time

Women are more active than men. Figure 4 shows the three major activities on which respondents spend their time. Other activities which take little time on average include employment. Both men and women spend major parts of their daily time in agriculture and business; though men tend to allocate more time to business than women. Women allocate significantly more time to 'reproductive work/leisure' than men.

Figure 4: Gender-disaggregated allocation of time, 3 major activities, (Y-axis: hours per day)

Major differences between the locations are the following:

- Respondents from Iceme (both male and female) spend significantly more time in agriculture and less in business than respondents from Masaka and Sheema.
- Also, respondents from Iceme spend less time on employment than respondents from Masaka and Sheema. However, Iceme RF-members are significantly more often employed than non-members; which is not the case in the other two locations.
- Female respondents from Sheema reported significantly more and men significantly less time in reproductive work/leisure than respondents from Masaka and Lira.
- Both men and women in Masaka spend more time on business than in Sheema and Lira.

Clubbing reproductive work and leisure into one category is a weakness of the data-set. It may well be assumed that most men spend very little time on reproductive work. Hence they have much more leisure time than women.

¹ The GALS methodology originated in work on a generic methodology, Participatory Action Learning System (PALS) by Linda Mayoux with entrepreneurs and staff of GreenHome, Bukonzo and Kabarole Research and Resource Centre in Uganda, Port Sudan Small Enterprise Development in Sudan, ANANDI in India, Aga Khan Foundation Pakistan and Trickle-Up, US (GALS, 2012).

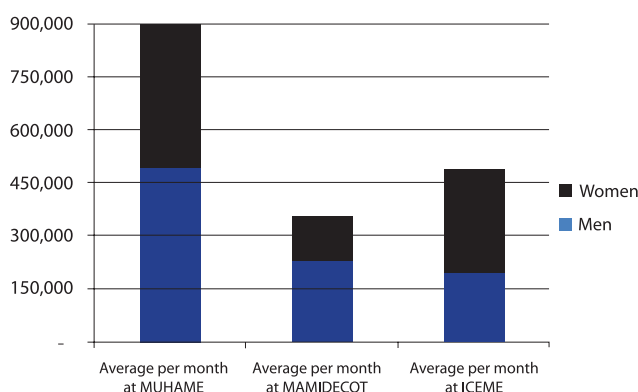
Savings behaviour

People all around the world save to build up lump-sums for three main purposes (Collins et al, 2009):

1. financing life-cycle events (e. g. marriage, construction of a family home),
2. taking advantage of opportunities (e. g. buying a plot of land at a favourable price),
3. safeguarding against emergencies (e. g. sickness).

The Ugandans who responded to our survey are no exception. Both men and women save a variety of amounts in a variety of places by a variety of rhythms. Kyomugisa (2012) analysed the data-subset for one SACCO’s catchment area for differences in savings behaviour of men and women. She finds that women save smaller amounts, and save more often daily or weekly than men. Women seem to save in more varied ways – various places like groups, variety of SACCOs, etc. – than men. Kyomugisa (2012) observes that these differences are partly explained by gender, partly by experience, business acumen and, to some degree, education.

Figure 5: Gender-disaggregated average monthly savings, 3 SACCOs



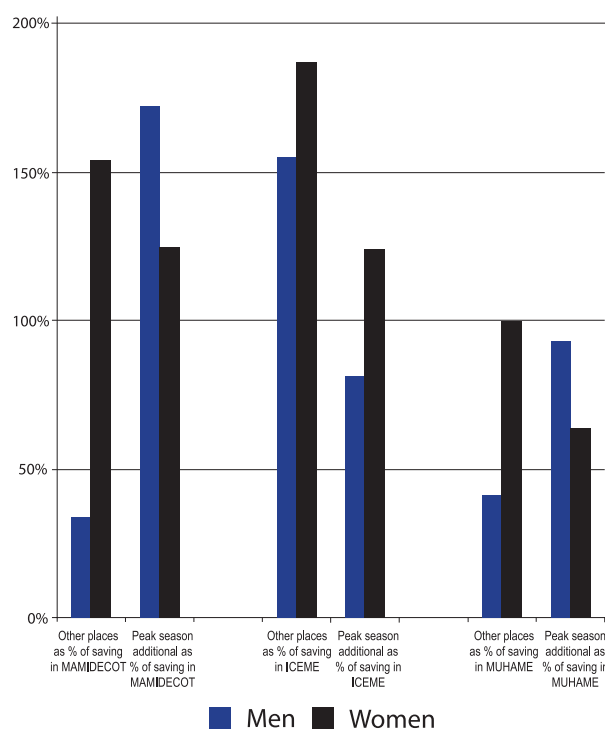
Here, we offer a comparative analysis based on the average amount of monthly savings. This consolidates the various savings rhythms – weekly, quarterly etc. i. e. a respondent saving UGX 2,000 weekly is registered with a monthly savings amount of UGX 8,000; a respondent saving UGX 20,000 quarterly is registered with a monthly savings amount of UGX 6,666, and so forth.

Figure 5 shows that both male and female members of Muhame FS save much more than members at MAMIDCEOT and Iceme RF. The gender-difference is the largest at MAMIDECOT. At Muhame FS and Iceme RF, men and women save close to equal amounts, with a bias towards men at Muhame FS and towards women at Iceme RF.²

² The bias amounts to approx. UGX 100,000 in both cases. However as a percentage, this makes the female members’ monthly savings about double those of male members in Iceme RF, while it is less than 20% of male savers

In all three locations, members save a lot outside the respective SACCO. Figure 6 gives the average monthly savings amount in other places as a percentage of the average monthly savings amount in the SACCO. It shows that female members save a hundred percent and more in other places. In other words, for every 1,000 shilling saved in the SACCO, female members save between 1,000 shilling (Muhame FS) and about 1,900 shilling (Iceme RF) in other places. For male members, the figure is less pronounced, but certainly substantial, particularly for Iceme RF.

Figure 6: Saving amounts in other places and during peak season, % of savings in the SACCO



Furthermore, figure 6 shows the percentage average monthly savings that members save extra during peak season. It ranges from about 80% to about 170%. That is, male members save an additional amount ranging from 800 shillings (Iceme RF) to 1,700 shillings (MAMIDECOT) during peak season for each 1,000 shillings they save monthly in the SACCO. Men tend to be more affected to save extra during peak season than women; except in Iceme RF.

An analysis based on the median savings amount shrinks the differences between the three SACCOs; and moreover between the SACCOs and other places (figure 7). Median savings amount are comparable within and outside the SACCO, as well as between men and women. All SACCOs could reasonably gain from attracting more of

at Muhame FS.

their members' monthly savings into the SACCO accounts. Savings rhythm is one of the explaining factors why they have so far not done so: Most respondents save weekly and in other rhythms in other places but monthly at the SACCO.

In summary, the three SACCOs attract only the smaller part of their female members' monthly savings; and they probably miss a large part of their male members' extra savings during peak season. A look at the savings products gives clues why that is so: None of them has a very systematic or very dedicated approach to mobilising savings regularly; all of them have mostly two savings products, 'ordinary' and fixed deposits, which are not terribly attractive, particularly in times of high inflation. MAMIDECOT has made some effort to mobilise savings from students, though, working with schools.

Figure 7: Median monthly savings, SACCO and other places

	Median monthly amount (UGX) saved in the SACCO		Median monthly amount (UGX) saved in other places	
	Men	Women	Men	Women
Muhame FS	140,000	127,500	100,000	100,000
MAMIDECOT	100,000	25,000	100,000	60,000
Iceme RF	65,000	50,000	75,000	50,000

A look at the business model shows why Muhame FS attracts relatively more savings. It has positioned itself as the 'leading bank' of Kabwohe. Its 'ordinary savings account' does not attract transaction charges. Hence members, mostly the business community, move large amounts of savings into and out of the account. It is indeed an attractive alternative to the over-costly current accounts offered by most commercial banks.

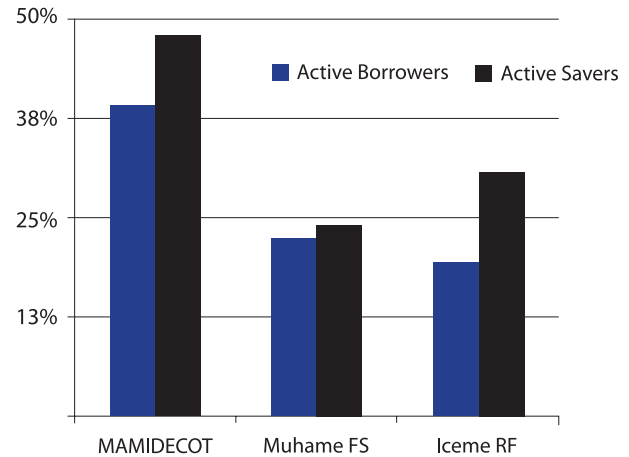
Borrowing behaviour

Women contribute a lot of income to the household but they are denied loans, because they are regarded to be inferior and they do not have collateral. (FDG in Masaka)

Despite a lot of activities in the homes, women may be

unable to access SACCOs or, if members, to access loans; because their husbands own the property (e. g. land) that could be used as collateral (FGD in Kabwohe).

Figure 8: Women as % of borrowers and savers respectively, 3 SACCOs



Note: MAMIDECOT data for Nyendo (main) branch; Muhame FS data for Kabwohe (main) branch. AMFIU (2011) reports for MAMIDECOT 48% female savers and 39% female borrowers; for Muhame FS 20% female borrowers.

Within the product portfolio, gender-imbalances are most pronounced among the loan products. Only about 2 out of 5 MAMIDECOT individual borrowers are women. For Iceme RF, only about one out of five borrowers is a woman; hardly more for Muhame FS. Among group borrowers, a larger proportion was female (because groups are often majorly composed of women); however group lending represented a negligible fraction of the loan portfolios of Muhame FS and MAMIDECOT, and did not exist in Iceme RF.

Within the savings product portfolio, MAMIDECOT is close to gender-balance³, but only one of three Iceme RF savers is a woman. Muhame FS scores last with not even one out of four savers a woman (figure 8).

³ Note that we refer to the balance of the number of male and female savers. As discussed in the previous section, the balance of the amounts saved by men and women is clearly tilted.

Figure 9: Initial gender-disaggregated access barrier to SACCO services

		MAMIDECOT	Muhame FS	Iceme Rural Farmers
Becoming-member-cost	Minimum amount (UGX) of shares for membership	10,000	25,000	20,000
	Fees (UGX) for becoming member	15,000*	15,500	7,500
	Minimum balance on (savings) account*	10,000	10,000	5,000
Commercial Loan	Up front charges as % of loan amount	8%	12%	2%
	Up front charges as UGX amounts	5,000	/	10,000**
	Interest rate per month	2.5% (flat rate)	2.5% (declining balance)	2.5% (declining balance)
Initial Access Barrier	APR for the first loan, amount 1m	78.97%	70.54%	43.55%
	APR for consecutive loan, amount 1m	70.38%	57.29%	36.34%
	Becoming-member-cost as % of average income of women	15.15%	12.02%	14.98%
	Becoming-member-cost as % of average income of men	9.23%	8.47%	8.29%

* Members are required to open a savings account with minimum balance. Membership and/or savings are pre-requisites for accessing loans.

** Minimum fee, might be higher depending on distance costs for loan appraisal.

It is often assumed that women are more reliable borrowers than men. This is not strongly reflected in the data, when analysed product by product. Sometimes more men have loans with arrears than women, sometimes the other way round. E. g. at Muhame FS, it seems that, for a given loan size, women tend to do better with business loans, and men with agricultural loans. Most women are borrowers of small amounts. That is not surprising because all three SACCOs rely on individual physical-collateral based loan products. Women regularly lack such collateral. However, the few women who have accessed large loans are among the borrowers with the best repayment performance.

Figure 9 shows the costs of borrowing at the three SACCOs. Note that Muhame FS and MAMIDECOT are fairly representative for many SACCOs and other MFIs regarding the APR; Iceme RF stands out to be very competitively priced. Indeed, given concerns over its business model, there may be questions if this price level can be sustained.

However, the initial access barrier is clearly gender-biased. Relative to their income, the costs of becoming members – prerequisite for accessing any services – is almost double that of men. They have to mobilise a lump-sum equalling around 15% of their income; for men it is about 8%.

Interestingly, the initial access barrier is most gender-balanced for Muhame FS. This reflects conditions of their target market – both men and women served by Muhame FS have more and more diversified income, with a strong hand in business, than non-members. Iceme RF, on the other hand,

operates in an environment that is poorer and depends more on agriculture; this goes with more pronounced gender-differences, particularly in the area of education.

6 THE NEW PRODUCTS

6.1 Concept development and testing

The research findings underline that the SACCO products do not reach out to men and women equally. Gender-differences in savings and borrowing behaviour lead to biases which are mostly unfavourable for women.

From these findings, SACCO management, staff and board members, together with the MMU team, generated six ideas for new or adjusted products (box 4). Five of these ideas⁴ were developed into product concepts based on the '8 P', a standard marketing tool to define the features of a product (Armstrong/Kotler, 2012, Annex 2).⁵

The concepts were tested through focus groups of respective SACCO board, management and selected groups of target clients to seek their reactions on how the product concept 'sounded' with them and, if applicable, how it should be further adjusted:

- At Muhame, the two product concepts were tested with five disaggregated groups; one

4 The sixth product idea, to use mobile money for savings and credit transactions (receiving deposits and repayments respectively), was developed in form of a check list for the mostly IT-related installations and processes required.

5 The 8 P stand for Product/service, Pricing, Place, Promotion, Positioning, People, Process and Physical evidence.

Box 4: Major characteristics of the new products developed for improved gender-balance

Group lending: Women are excluded from borrowing because of the collateral requirements and because of the cost of access (see figure 9). Through group lending methodologies, both hurdles can be lowered. One SACCO opted for a Joint-Liability-Group loan product, another SACCO for Self-help-group-lending for both business and agricultural purpose. These have different requirements with regard to the role of the loan officer, viz a viz the group members.

Education finance: Women and men alike spend large parts of their income on education; well designed financial products can help them achieve their objective of educating their children. One SACCO chose to introduce a school-fee-commitment savings account, another to introduce an annual school-fee loan for which the SACCO pays school fees directly to the school.

Ease of access: One SACCO embarked on introducing mobile-money-based savings; whereby savers can send savings at any time onto their account through mobile money.

Aligning cash flows of loan and agricultural activity: One SACCO took up a refined agricultural loan, with extended grace period and balloon repayment, such that it adds more value to members engaged in growing of crops. The SACCO was advised to hire a new loan officer with specific knowledge to administer this demanding product.

group consisted of the SACCO management and staff while the other 4 groups consisted of business clients and farmers (average of 5 people per group) in both Kabwohe (main branch) and Rubindi branch in their detailed forms.

- In MAMIDECOT the concepts were presented to a team composed of management and board members and groups of selected clients at the Nyendo, Kalungu and Lukaya branches;
- In Iceme, the concepts were also tested among the board, management and staff and selected groups of clients in Iceme town and in Aboke. MMU senior researchers carried out the testing exercise together with the team of Swisscontact – Access to Rural and Agricultural Finance Project. Swisscontact took over the advisory role for Iceme Farmers’ from this stage on as it was in position to provide more regular guidance due to geographical proximity.

6.2 Pilot planning and testing

The most important step

It can be argued that the pilot phase is the most important one of the whole product development process. Creativity and ‘thinking out of the box’ are certainly important to come up with interesting product concepts; and thorough market research is the basis for products that actually create value for both customers and company. However, many products are not very creative; indeed ‘copy and paste’ is just as important as an engine of spreading product ideas around – in microfinance as well as most other sectors. Market research maybe the best basis for generating ideas, but it is also costly and time-intensive. SACCO leaders who are well in touch with their membership are probably capable of thinking of product concepts that are likely to ‘sound’ with members, even without a wider survey. But there is no way around thorough pilot planning; because without thorough pilot planning, the pilot test will inevitably fail. Only a well planned and evaluated pilot test will provide a basis to decide if a product can be successful or not, and moreover why!

Composing the Pilot Test Team and developing the Testing Protocol

At this stage, MMU team and Swisscontact respectively organized pilot-identification-workshops during which each SACCO formulated detailed operational plans for the pilot phase. These pilot plans were built on the ten step process presented in box 2. The research team made sure that this process was carefully organized and followed to make sure the pilot test objectives were realised.

In each of the three SACCOs, a pilot team was composed to ensure the smooth running of the pilot process. Each team was composed of 5-7 members who included representatives from each of the major departments of the SACCO i.e. teller/customer care, loan officers, internal audit, accounts, management and in some cases the board (e. g. one SACCO-board has a mobilisation committee which took the lead in promoting the new products). Each team then selected a product champion and other members were assigned different responsibility in the pilot test process.

After establishing a pilot team, each team was involved in designing a pilot testing protocol outlining how the team will manage the test. In the testing protocol, terms on how the pilot would be run and monitored were defined as well as other specific decision points of the pilot test process.

Defining the Objectives and modelling the Financial Projections

After establishing the pilot test protocol, the respective teams then set objectives for the pilot test phase. Each team was tasked to come up with clear objectives revolving around the expected benefit of the products being piloted to the institution and the customer. Key factors here included profitability, growth (in terms of volume of accounts and the value of their balances), customer service, effective marketing efforts and institutional efficiency.

At this point the team also looked at financial projections, prepared by MMU, as well as identifying cost factors such as the costs of staff, training, fixed assets, institutional overhead and others. Ideally, month to month projections should be defined; but the teams did only look at broad outlines of cost factors and agreed on target sale numbers (gender-disaggregated).

Preparing All Systems

After setting targets and monthly projections, the pilot teams were tasked to prepare the operational systems; the three SACCOs are computerized using MB-WIN. Therefore, the system was supposed to be prepared prior to the commencement of the pilot test. The system was adjusted to accommodate the new product features.

However, this phase was challenging as the computer program used by the three SACCOs did not as a standard accommodate some new product features. It thus required input of the program experts which comes at an extra cost. This delayed the start of the pilot of some products; e. g. the annual school fee loan which was envisioned to have flexible repayment features. So a manual

system was employed for specific product features. Furthermore, the pilot test for the mobile savings product could not take off due to the failure of the provider of the mobile money system to have it operational. Despite engaging the regional manager of the mobile money provider, of which the SACCO is already a customer, and despite his affirmations and participation in the training of staff and even launch of the pilot test, the system has so far failed to deliver.

Documenting the Product Definitions and Procedures

Thereafter, product procedures were documented so that the staff involved in the pilot test process could fully understand the policies and procedures of the new product operations. The procedures described the operations staff to be involved, how the new products would be marketed and how other technical operations will be handled in the different departments of the institution. MMU-team provided the product documentation based on the according standard that it has developed for its Rural Microfinance courses (see Annex 3).

The pilot test teams also ensured that all the product related forms such as deposit and withdrawal slips, passbooks, or other related documents are designed.

Training the Relevant Staff

To ensure that the new products are well managed and communicated to the clients, the research team organized training workshops for each of the SACCOs where the relevant staff were trained to understand the product features and operations to enable them to communicate clearly to the clients.

Providing sufficient information to all staff emerged as one of the key success factors in the product development process. It turned out that the flow of information about the new products from the participants of the training to other staff members (colleagues in the respective departments) was lacking. So only some staff members did know about the new products and others did not. This led to confusion, e. g. in the case of the school fee loan, which was sometimes promoted as the new product and sometimes as the previous one-term-emergency-variety.

The difficulties were compounded by staff-reshuffles, whereby trained staff was transferred to branches where the product was not supposed to be piloted, and untrained staff became responsible for the pilot area.

Hence, it is important that the pilot area is clearly defined and demarcated – it is wrong to start

promoting the new product everywhere, because it makes its success factors unobservable and invites mistakes. It is important that the pilot branch or area is strictly adhered to. E. g. in one SACCO it had been agreed to market to schools which are already customers (to simplify the payment handling of school fees), but then it was given to many other customers, and the SACCO found itself unprepared to handle the payments to schools it did not (yet) have any relations with. It is also important that all, not just some, staff in the pilot branch are trained, and that they remain at the branch for the period of the pilot. In other words, SACCO leadership has to consider its reshuffle plans when choosing the pilot area (and time period).

Developing Marketing Materials and commencing the pilot test

Each team was then tasked to design a comprehensive marketing plan for the new products. The SACCOs chose radio, visits to schools and parent-teacher-associations, flyers and T-shirts to promote the new products. One SACCO did not promote the new product specifically, though, but produced a flyer that had all products listed. This diluted the efficiency of promotion of the new product.

This was followed with the actual commencement of the pilot test process. Board members, management and all relevant staff were notified about the start of the pilot process. The research team continued to monitor and evaluate the performance of the pilot test process against the designed protocol.

A very successful example was the pilot launch of MAMIDECOT: Following radio announcements, flyers were developed (figure 10) and the pilot test was launched in Nyendo market in Masaka amidst crowds of existing and potential clients.

It should go without saying that timing of the pilot test is very critical. Obviously, education finance products have to be promoted aligned to school terms; agricultural loans aligned to crop seasons, and so forth. But MMU-team learned that this was a challenge. Whereas the planned schedules took account of the timing requirements, there were inevitable shifts in the schedule, as the different departments pursued their tasks for the pilot test team. These changes of the schedule affected the pilot tests, because in several cases they were rather poorly aligned with the underlying activity, and hence the value proposition of the products was diluted.

Figure 10: Flyers announcing new MAMIDECOT products



Evaluating the pilot test

By end of October 2012, the SACCOs had led 4 out of the 6 product concepts through the pilot planning towards the pilot test. The liability group loan product was stopped as the SACCO's pilot planning team developed fundamental scepticism about its own managerial and organisational capacity to deliver it. The mobile-money-based savings account was halted by the above mentioned failure of the mobile-money provider to make the IT-infrastructure operational.

The pilot test had qualitative objectives as well as quantitative targets. While the qualitative objectives were mostly met, the performance on the latter was mixed (figure 11). However, the

savings product was very successful with women, thus showing potential to improve the gender-balance of the SACCO. Accordingly, the gender-composition of the loan product, though below target, is more balanced than for the overall portfolio.

products as complex and requiring a lot of customer training, i.e. labour intensive (for a detailed analysis of staff perceptions of this product development process, see Namukisa 2013).

Hence, only 13% of customers (1 man, 1 woman) were told about the new school fee loan by SACCO staff; while 19% of customers (3 men) were told by other SACCO members. Despite shortcomings of

Figure 11: Pilot test targets and actual (Oct. 2012) sales and gender-composition

	Target for sales	Actual of sales	Target of gender-composition	Actual of gender-composition
School fee commitment savings account	50	7	50% each gender; for savers and beneficiaries (schooling children) respectively	57% women; 43% men (savers) 43% girls / 57% boys (schooling children)*
School fees Flex loan	30	16	50% each gender	37.5% women 62.5% men
Agricultural loan	30	40	50% each gender	20% women 80% men
Self-help-group loan	45	104	min. 80% women max. 20% men	25% women 75% men

* Information about beneficiaries per Sept. 2012, i. e. for 4 customers (female) only.

Figure 12: Pilot test qualitative objectives for education finance products

Objectives	Assessment by customers of	
	school fees commitment savings account	School fees Flex loan
Reduce stress of parents to mount school fees at the beginning of terms	86% say that the product reduces stress; e. g. because they need not queue for school fees. 43% say that it should be rolled out because of this.	81% say that the product reduces stress. 44% say that it should be rolled out because of this.
Build a culture of saving / planning for the future	43% say that it encourages savings. 43% say that it should be rolled out because of this.	n.a.
Ensure consistent school attendance by the students	43% say that it enabled children to attend school consistently 14% say that it should be rolled out because of this.	44% say it has enabled children to attend school consistently. 44% say that it should be rolled out because of this.
Reduce the risk of diverting of loan/savings amounts taken for commercial/agricultural purpose and/or of diverting working capital from business	29% say that it reduces the risk of diverting the money	0% say that it reduces the risk of diverting the money

The low sales numbers can be explained by staff and board members' perceptions and by the marketing approach towards the new products. Board members did not attach sufficient importance to these products but considered them 'donor-driven', which appears to be based on the 'gender-motivation' of the products. This might indicate that the relevance of gender has still not been internalised by all board members. Most tangibly, the gap in leadership backing translated into underfunding of marketing. Hence staff observed that the marketing campaign was not well timed and structured. Moreover, staff perceived the new

the marketing approach, 44% of customers (3 men, 4 women) got to know about the new product through radio and flyers. The savings product was marketed more actively by the staff members, 57% of customers (2 men, 2 women) were informed by them. This reflects that 2 of the new customers are themselves SACCO staff. 29% of customers got to know the new product through flyers (see figure 10).

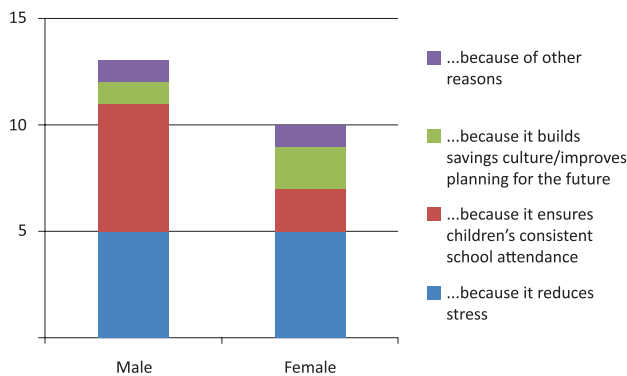
Namukisa (2013) shows that lack of support from staff is partly accounted for by the period of time the whole process took (about 1.5 years); i.e.

staff perceived the visits from the MMU-team as isolated events rather than a comprehensive flow of activities progressing towards a well-understood goal.

The qualitative targets of the education finance products were largely achieved (figure 12). Pilot customers highly appreciated the contribution of the new products to reducing their stress of managing school fees and to their children attending school consistently. Savers appreciated the payment feature, i. e. that the SACCO pays the saved-up school fees directly to the school. Accordingly, some of them (1 man, 1 woman) also appreciated the reduced risk of diverting the saved amount. Borrowers, on the other hand, did not pay much attention to the payment feature. This reflects the failure of the SACCO to implement the same; because the pilot target area was not observed (see according discussion above). We do not know if this is also the reason that no borrower valued reduced risk of diverting money. Borrowers appreciated the loan period of 12 months, an innovation over the previous school fee loan which only ran for 3 months. There are no significant gender-differences in respondents' assessment of the objectives.

Regarding reasons for roll-out of the product, men emphasise consistent schooling more than women, while women's priority is on improved planning for the future and on reducing stress (figure 13). The gender-difference in emphasis of reduction of stress is particularly pronounced among borrowers. Two-thirds of female borrowers but less than one third of male borrowers emphasise the product's positive effect on stress reduction. For the savers, the proportions are the other way round.

Figure 13: Customers' reasons for rolling out the education finance products, gender-disaggregated



Note: Other reasons include affordability (woman) and allowance to take other loans (man). SACCO staff (credit department) assumed that the latter would be the most important feature.

Last but not least, regarding product features of the school fee loan, it is interesting that two-thirds of the female borrowers but only 20% of male borrowers noted it as important. Given that the pricing equals the existing loan products, this might be another indicator that female borrowers prefer the annual loan period; it is relatively less costly than applying and submitting appraisal information three times per year with the traditional 3-months-school fee loan. Also, this preference is in line with the stronger focus of female customers on reducing stress and improving planning and with the findings on time use (see figure 4).

CONCLUSION AND RECOMMENDATIONS

Between May 2011 and October 2012, MMU worked with three large Ugandan SACCOs to develop new products or product features. The objective of these new products is to improve the gender-balance of the client-SACCOs' product portfolio. As the discussion of the market research shows, all three SACCOs run considerable gender-imbalances in their savings and loan products.

It is rather obvious that all three SACCOs could attract substantially more savings from all their members, but particularly from women, if they would have more suitable products. Muhame FS shows that a high-transaction-flow-low-cost-savings-account can be the backbone of a business model. In principle, a low-amounts-medium-transaction-flow-medium-cost-savings-account should be just as viable. MAMIDECOT is commended for its focus on education-oriented savings, which was re-affirmed during this product development exercise.

All three SACCOs, in particular MAMIDECOT and Muhame FS, discourage the vast majority of women from taking loans through their entry requirements which are severe barriers to women, and through their collateral requirements. It was Iceme RF, though, which most decisively moved to address this through introducing group lending methodology.

Product development is, judging by the steps involved, not at all rocket science. But it is definitively time and resource consuming and rests on commitment and consistence. This goes largely to the company leadership; in the case of SACCOs that means that board members get involved (not just occasionally briefed!). The coordination of various stakeholders is a managerial challenge. Any manager in any company likes the option of contracting that role to another party, in this case to MMU. Particularly so if a development partner

pays for that contract. But that creates ownership risks.

The ultimate success factor is active engagement of leadership, measurable through either senior managers taking on the role of a 'product champion' or giving the role to someone who clearly has as much access to the senior managers as required at any time of the process.

Clearly demarcated pilot areas and periods are key. All staff in those areas must be thoroughly trained, and they must remain in that area for the pilot period. Marketing must be timed accurately; otherwise wrong timing alone will make a product fail (e. g. offering savings accounts at the time when a desperate parent comes for a loan).

These success factors look pretty obvious; as said before, it is not rocket-science. But none of the SACCOs has a well developed marketing function; maybe no MFI in Uganda has. Without a marketing function, embodied by a well-cut marketing management system, the MFI is not demand-driven. In a supply-driven MFI, product development becomes an ad-hoc exercise that leaves few traces on the MFI, or even its product portfolio, once the exercise is completed (or terminated in-completely).

Development partners like GIZ are using innovative strategies to help MFIs to have better products. However, there is a risk that this re-affirms their being supply-driven – they take on products just because somebody pays for the development (or they participate in the process and drop it once the funding stops); and not because they seek continuously to improve their value proposition to their customers and owners, which are the same in the case of SACCOs.

Giving providers like MMU, in other cases AMFIU and UCA, the opportunity to 'learn the ropes' strengthens the overall product development capacity in the country. It is an important, and so far unique, approach by a development partner. For MMU, this has been an enriching experience for both staff and students who were involved in the whole product development process. Two of the students based their bachelor-thesis on it (Kyamugisa 2012, Namukisa 2013). The experience has also enriched teaching at MMU especially since then a new module 'product development' is taught in the diploma of rural MF and a component incorporated in the BBDF course. This all benefits the small rural MFIs in the Rwenzori region which attend MMU courses, as well as those regulated (M)FIs that hire BBDF-graduates.

Last but not least, the objective of gender-balanced product portfolios has received mixed results. The individual school fee loan is (still) biased to men; the group lending (which was taken to pilot by only one SACCO) has attracted a majority of women. The conviction that reaching for gender-balance at product level is worthwhile for the SACCOs seems not to run deep with the SACCOs' leaderships. However, the engagement has made a strong impression on the BBDF-students of MMU. The school of business/management has decided to teach gender in all courses (so far only community development / public admin); the banking and microfinance department held a 'gender day' in which the best approaches to creating gender equality were discussed lively. Students found that much more needs to be done, at many levels, than looking at products; and they found that the time to do so in Uganda is now.

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ANNEXURE

Annex 1: Focus Group Discussion

Introduction

Good morning / afternoon ladies / gentlemen

Greeting

Our names are We are research students from Mountains of the Moon University in Fort Portal. We are students of bachelor of banking and development finance.

My university is carrying out a research project for Masaka Microfinance Development Cooperative Trust (MAMEDICOT). You may know MAMEDICOT which is one of the leading SACCOs in this area. They offer savings and loans to their members.

To that end, we have requested you to come together as a group and to discuss some key issues about using money in your communities and in your families. We will give you three guiding questions for your discussion; and we will note down all issues that come out. It will be strictly confidential and anonymous, i. e. we in our notes, we will not link any statements to any individual name.

Please support your fellow group members to participate, such that the discussion is rich and lively and that it includes the views of each member. The discussion will take about 2 hours.

With your participation, you will help us to complete my studies and moreover, you will help MAMEDICOT to eventually offer even better products, and to serve your community and your family better.

Flow of discussion:

- a) Introduction of purpose and facilitators (see text above)
- b) Round of introduction of participants (if they do not know each other: always two exchange, introduce each other to the group; if they know each other: Name, how long in the group, why they like it)
- c) Prepare mood for open and friendly discussion ('ice breaker')
- d) Questions (see below)
- e) Concluding remarks, thanking everybody, explaining how the findings will be used.

Facilitation:

- a) One research assistant facilitates; one research assistant takes notes.

- b) When they start discussion the questions, a flip chart is put in the middle with 3 columns – one for the wife, one for joint, one for the man.
- c) Accordingly, the responses are noted. If they are controversial and/or cause longer discussion before placing them, note that under the columns.

Question 2: From the household’s responsibilities and contributions, which are the sources of income, the cash-inflows and the cash-outflows (expenditures).

Question 3: Let us look at the observations we have made: What do you think about them? Do they adequately describe most households in your community? What could be done differently (if anything)?

Question 4: How can MAMEDICOT improve its services to households in general and to your group and you in particular?

Questions:

Question 1: For a usual household in your community, what are the responsibilities and contributions of husband and wife, and what are joint responsibilities and contributions.

Annex 2: Product concepts (tested)

a) Loan products

Concept ('3P')	Self-Help-Group loan for business	Agricultural loan	Joint-Liability Group loan	Annual school fee loan with flexible repayment
	<i>Iceme Farmers'</i>		<i>Muhambe Financial Services</i>	
Target Group	Both men and women who are: <ul style="list-style-type: none"> • Civil servants • Salary earners • Small traders • Farmers • Members/non-Members seeking start-up capital 	Small scale farmers	<ul style="list-style-type: none"> • Small scale farmers • Traders • Salary earners in need of small size loans 	<ul style="list-style-type: none"> • Salary earners • Sizeable business owners • Active borrowers on commercial or agricultural loan
CORE PRODUCT				
Brand Name	Business loan	Agro Plus	Muhambe Easy Loan	School Fees Flex-Loan
Tagline	"affordable loans"	Flexible and Affordable	"Small loans , big opportunities"	" The flexible education finance solution "
Objectives	<ol style="list-style-type: none"> 1. To motivate men and women into realising their business ideas 2. To encourage men and women in need of start-up capital 3. Promote easy access to loans 4. Attracting non-members 	<ol style="list-style-type: none"> 1. Improve household incomes through agricultural production 2. Increase women participation in income generation (majority of whom are small scale farmers) 3. Promote easy access to loans 	<ol style="list-style-type: none"> 1. Increase female participation in the SACCOs 2. Reduce loan default rate through joint liability 3. Promote easy access to loans 	<ol style="list-style-type: none"> 1. Reduce stress of parents to mount school fees at the beginning of terms 2. Reduce the risk of diverting of loan amounts taken for commercial/ agricultural purpose and/or of diverting working capital from business. 3. Ensure consistent school attendance by the students
ACTUAL PRODUCT			ACTUAL PRODUCT	
Product Design			Product Design	
Loan Amount	<ul style="list-style-type: none"> • Minimum: 50,000/= • Maximum: 5 million 	Minimum: UGX 0.1m Maximum: UGX 5m	<ul style="list-style-type: none"> • Minimum UGX 0.1m • Maximum UGX 1million 	School fees for one child for one year (3 terms or respectively 2 semesters)
Tenure	<ul style="list-style-type: none"> • Minimum: 3 months • Maximum: 12 months 	<ul style="list-style-type: none"> • Minimum: 4 months • Maximum: 12 months 	<ul style="list-style-type: none"> • Minimum: 3 months • Maximum: 12 months 	• 12 months
Gestation Period	Non: loan repayment to start same month after being given the loan	3-6 months (depending on the gestation period of the crop/animal)		Non

Concept ('8P')	Self-Help-Group loan for business	Agricultural loan	Joint-Liability Group loan	Annual school fee loan with flexible repayment
	Iceme Farmers'		Muhame Financial Services	
Repayment	Monthly	Interest paid during grace period, principal paid in one installment at harvest (depends on the crop/animal).	Monthly	Monthly
Collateral	<ul style="list-style-type: none"> • 135% of loan amount • 30% of loan amount in compulsory savings • Repayment based on total household income • Joint liability groups for small loans; <ul style="list-style-type: none"> ○ As a mechanism to draw in more women in the program ○ Those without collateral ○ Those involved in start-up businesses 	<ul style="list-style-type: none"> • Crop harvest guarantee • Evidence of Land – Cultivable 	Nil	<ul style="list-style-type: none"> • Savings and shares • Collateral as for commercial/agricultural loan. If applicant is active borrower of one of those; collateral consists only of savings and shares.
Other requirements		<ul style="list-style-type: none"> • Must have land • Known to the LC Chairperson • Known Farmer • Have a particular crop in mind to finance • 2 Guarantors 	<ul style="list-style-type: none"> • New member should hold a minimum of 2 shares • Existing members can access without attaining additional shares 	<ul style="list-style-type: none"> • Parent/guardian of children • Regular <i>annual</i> income • School circular • New member should hold a minimum of 2 shares • Existing members can access without attaining additional shares
Delivery			Group methodology (advanced to existing member groups where 3 out of 5 people get loans)	
Price				
Interest Rates	2.5% flat rate	3% flat rate	<ul style="list-style-type: none"> • 3% (per month, declining) 	<ul style="list-style-type: none"> • 2.5% (per month, declining)
Fees	UGX 10,000 (more for appraisal if distance high) + 2% of loan amount	Appraisal Fee: UGX 10,000 flat fee. Monitoring Fee: - Range UGX 50,000 – 500,000 (5,000 - 1 visit) - Range UGX 500,000 and above (15000 - 3 visits each at UGX 5,000 and also subject to distance from the institution) - Telephone calls	<ul style="list-style-type: none"> • 1% insurance • 1% loan processing fee • 8000 stationary and passbook 	<ul style="list-style-type: none"> • 8,000 stationary and passbook • 15,000 UGX application fee • 1% loan processing fee • 1% of loan amount
APR* (excluding shares)	<ul style="list-style-type: none"> • Minimum: 34.6% • Maximum: 57.3% 	Minimum: 118% Maximum: 3.9%	Maximum: 50.5%	
Fines	1% of amount in arrears per day overdue	2% of outstanding principal – daily basis	8% per month, of amount 7days in arrears	4% per month, of amount 7 days in arrears
AUGMENTED PRODUCT				
Promotion				
Advertising	Local (community) Radios, posters at Sacco premises, text-messaging, word of mouth through members Members' training – word of mouth	<ul style="list-style-type: none"> • Community meetings • Members' training – word of mouth 	<ul style="list-style-type: none"> • Local Radios • Community meetings • Field officers should have in place marketing plans that define target markets, communication techniques and monitoring plan 	<ul style="list-style-type: none"> • Local Radios • Community meetings

Concept ('8P')	Self-Help-Group loan for business	Agricultural loan	Joint-Liability Group loan	Annual school fee loan with flexible repayment
	Iceme Farmers'		Muhame Financial Services	
<i>Promotional materials</i>	<ul style="list-style-type: none"> • Brochures • Flyers • T-Shirts, Calendars 	<ul style="list-style-type: none"> • Brochures • Flyers • T-Shirts, Calendars 	<ul style="list-style-type: none"> • Brochures • Flyers 	<ul style="list-style-type: none"> • Brochures • Flyers
Place				
<i>Where to obtain the services</i>	Iceme SACCO	Iceme SACCO	Branches	Branches
<i>Operation Hours</i>	<ul style="list-style-type: none"> • Weekdays 8:00 am – 4:00 pm • Saturday 8:00am – 12:00 pm 	<ul style="list-style-type: none"> • Weekdays 8:00 am – 4:00 pm • Saturday 8:00am – 12:00 pm 	<ul style="list-style-type: none"> • 8.30 am – 4.00 pm • Saturday 9.00 am -12.00 noon 	<ul style="list-style-type: none"> • 8.30 am – 4.00 pm • Saturday 9.00 am -12.00 noon
Positioning				
Desired perception	<ul style="list-style-type: none"> • Easily accessible especially to women • Affordable • Appropriate for members' needs • Environment that attracts non-members to seek loans 	<ul style="list-style-type: none"> • Friendly to small scale farmers and traders • Easily accessible especially to women • Affordable • Appropriate for members' needs 	<ul style="list-style-type: none"> • Friendly to small scale farmers and traders • Easily accessible especially to women • Affordable • Appropriate for members' needs 	<ul style="list-style-type: none"> • Liquidity management for parents • Responsive to client needs. For both men and women (father and mother) / not gender biased
Physical Evidence – Physical Appearance of Branch				
Branch environment	Spacious, secure and organized banking hall	Spacious, secure and organized banking hall	• Spacious, secure and organized banking halls	• Spacious, secure and organized banking halls
Product	<ul style="list-style-type: none"> • List of requirements for the customer • Members Pass book • Loan contract • Repayment schedule 	<ul style="list-style-type: none"> • Crop harvest guarantee • Members Pass book • Loan contract • Repayment schedule 	<ul style="list-style-type: none"> • Group guarantee • Members Pass book • Loan contract • Repayment schedule 	<ul style="list-style-type: none"> • Group guarantee • Members Pass book • Loan contract • Repayment schedule
People				
Customer care	<ul style="list-style-type: none"> • Use of local language • Respectable and transparent client handling • Professional client advice • Clear information flow 	<ul style="list-style-type: none"> • Use of local language • Respectable and transparent client handling • Professional client advice • Clear information flow 	<ul style="list-style-type: none"> • Strong social network • Use of local language "Runyankole" • Respectable and transparent client handling • Professional client advice 	<ul style="list-style-type: none"> • Strong social network • Use of local language "Runyankole" • Respectable and transparent client handling • Professional client advice
Process				
Processes and Procedures	Fast, easy and affordable processes	Fast, easy and affordable processes	Fast, easy and affordable processes	Fast, easy and affordable processes
Time between application and disbursement		7 working days	• 3 – 7 working days	• 3 – 7 working days

b) Savings product (MAMIDECOT)

Concept ('8P')	School fee commitment savings account
Target Group	<ol style="list-style-type: none"> Salary earners Sizeable business owners Casual labourers Farmers
CORE PRODUCT	
Brand Name	School Fee Savings
Tagline	Your future guaranteed
Objectives	<ol style="list-style-type: none"> Reduce stress of parents to mount school fees at the beginning of terms Reduce the risk of diverting of loan amounts taken for commercial/agricultural purpose and/or of diverting working capital from business Build a culture of saving / planning for the future
ACTUAL PRODUCT	
Product Design	
Initial Deposit	<ul style="list-style-type: none"> Ush 10,000
Interest paid on deposits	<ul style="list-style-type: none"> 12% pa
Minimum to earn interest	<ul style="list-style-type: none"> Ush 100,000
Minimum Balance	<ul style="list-style-type: none"> Ush 100,000
Account Opening Requirements	<ul style="list-style-type: none"> 1 passport photo of the child 2 passport photos of the parent or guardian Membership fee of Ush 10,000 2 shares Ush 10,000 Passbook charge of Ush 5,000 Can be opened as a Joint Account (for more than one child / student)
Deposit Policy	<ul style="list-style-type: none"> Unlimited
Withdrawal Policy	Withdrawal as full amount at beginning of term ('target date')
Price	
Account opening fees	<ul style="list-style-type: none"> Membership fee of Ush 10,000 2 shares Ush 10,000 Passbook charge of Ush 5,000
Ledger Fees	0
Statement Fees	0
Deposit Fees	0
Withdrawal Fees	0
Account closure fees	Ush 10,000
Account reactivation fees	N/A
Passbook	<ul style="list-style-type: none"> Ush 5,000
Passbook Replacement cost	<ul style="list-style-type: none"> Ush 5,000
AUGMENTED PRODUCT	
Promotion	
Advertising	<ul style="list-style-type: none"> Churches Schools Radio Community Radio Community mobilisation
Promotional materials	<ul style="list-style-type: none"> Flyer (A4, two sides, two color) Personal Announcements/presentations by staff
Place	
Where to obtain the services	<ul style="list-style-type: none"> Branches
Operation Hours	<ul style="list-style-type: none"> 8.30 am – 4.00 pm Saturday 9.00 am -12.00 noon
Positioning	
Desired perception of School fee saver	<ul style="list-style-type: none"> Friendly to the members Affordable Helpful and practical
Physical Evidence – Physical Appearance of Branch	
Branch environment	Professional, organized, secure
Product	<ul style="list-style-type: none"> Passbook Receipts/withdrawal slips
People	
Customer care	<ul style="list-style-type: none"> Helpful, and non judgmental Polite & Professional Speak in 'client language'
Process	
Processes and Procedures	Clear and concise

Annex 3: Product document (MMU standard)

Table of contents of the product document:

- 1 Membership
- 2 Savings products
- 3 Loan products
- 4 other products

Structure for documentation of a savings product:

- Main purpose (value for customer)
- Other purposes
- Target market
- Strategy: Business Model, Marketing
- Competitive Advantage: Value proposition, price, visibility
- Features

Amount	
Transaction	
Interest earned	
Fees	Up front: Current:
Membership	
Any other	

Performance of a standard account*

Feature	Amount p. a. (in UGX)	% of average savings portfolio per customer p. a.
Charges to customer		
Interest paid to customer		
Cost of operation		

* Standard Account; annual features: Average balance: UGX ____; ____ transactions (__deposits, __ withdrawals), ____ passbooks used up.

- Documents

Customer	MFI (Operations)	MFI (internal audit)

- Product performance

Year	Number of active female customers		Number of active male customers		% -increase of amount		Cash-flow volume	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
2009								
2010								
2011								

- Institutional Performance

Year	% of all female customers		% of all male customers		% of OLP		% of revenue		% of costs	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
2008										
2009										
2010										

For loan and other products accordingly as applicable (e. g. on loans, customers do not get interest but pay it, etc.).

For loan products, Annual Percentage Rate should be documented and how it is composed (share or compulsory savings requirement, fees, nominal interest rate, etc.).

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