

**Results questionnaires used in Baseline Study on ICT usage and capacity among  
Hivos Microfinance partner Organisations in Southern and Eastern Africa**

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## **Introduction**

This baseline survey was undertaken as part of the STAR capacity-building programme, a joint initiative of Hivos and KPN, a large Dutch telecommunications company. The STAR capacity building programme in Eastern and Southern Africa aims to increase the capacity of Hivos civil society partner organisations working in the area of microfinance to effectively apply ICTs to attain their goals. An underlying assumption of the STAR programme is that increased ICT capacity among microfinance organisations will lead to improved communication with target groups, increased access to up to date and relevant information, and increased knowledge sharing among different stakeholders, thereby increasing both organisational efficiency and effectiveness.

In order to establish the nature of existing ICT capacities, knowledge and usage in the selected partner organisations a baseline survey was conducted.

## **Methodology**

This analysis is based on receipt of 13 baseline questionnaires conducted during face-to-face interviews by a consultant's team, the team leader being Carolijn Gommans, in Kenya supported by Muriuke Mureithi, in Uganda supported by Wire James, in Mozambique by the STAR programme co-coordinator.

Three different types of questionnaires have been used, one for each type of organizations. Three types of organizations have been identified:

1. Community bases Rural Finance organizations (3)
2. Microfinance Institutes (9)
3. Network organization (1)

## **I. Community Bases Rural Finance organizations (3)**

### **A. Organisation General**

Of the three organizations participating in this baseline, one can be considered a big organisation, the other two are smaller in size. The smaller organizations are in direct contact with savings groups there is no intermediary level. The amount of members for the smaller ones is around 6 a 7000 persons for the bigger one this is a tenfold of around 65.000. For all three organisations 100% of their clientele is based in the rural areas.

### **B. Communication with clients**

Most communication is done through face-to-face individual or group meetings.

Telephone landlines are used limited. Mobile phones are used for talking but more for sms, despite limited coverage in rural areas.

Radio is as to be expected the communication channel with the highest coverage to the clients, nevertheless is it hardly used for day to day business, It is in two out of the three cases used for general announcements, like for example announcing the annual general meeting. One organization would like to develop and operate a VHF radio link between the SACCO's and the head office.

### **C. Data capturing and management**

With two organizations all data capturing and processing is done manually.

With the other organization data capturing is done manually, but at head office level processed electronically. This same organization started processing data at regional level in two regions out of the seven they work in.

### **D. Distribution Channels**

All three organisation use their own SACCOs and FSA's as distribution channel two out of the three use loan officers. One organization is using other banks and mobile phone as well. Two out of three at this point of time don't have any intention starting to use other distribution channel, one mentioned mobile banking, but the coverage is too limited at the moment (Tanzania) and the technique, according to the organisation, very advanced, requires high skilled administration and management. The organization in Kenya would like to start introducing m-banking or other automate system of financial transfer since there is a considerable demand for such services.

### **E. Using of ICT by MFI and Clients combined with**

### **F. Communication Infrastructure**

All three organisations have access to the internet and their own organization email accounts. Two have a dedicated line, one uses a dial up method. Two out of three have their own website. Internet is mostly used for communication (email), to lesser extend for information search.

The clients of the organizations mostly have access to radio, much lesser extend mobile phones, even lesser extend landlines. Internet access is only available either through work or internet café/community centers.

### **G. Support and skills**

There is a variety among the three organizations. One is totally depending on external support, doesn't have internal capacity. The other two organizations have a mixture of internal and external support. Skills among staff can be improved on user training as well as information management.

### **H. Hardware, software and protection**

All three organization are using the standard proprietary software of Microsoft. Except for the server where one organization use OSS. Two out of the three organisations are networked, through client-server network. Back up is managed properly by one organization. With regards to MIS, one organization doesn't have one, one organisations has a local developed one in Ms Access, and the last organisation just implemented Navision. The organization using the Access software is not satisfied with the MIS.

### ***Future ICT Strategy***

The future plans of the organizations are focusing on computerize data entry at field level (2), for one organization exploring mobile business technology, for the organization without a MIS looking into accounting software. As well as on more general ICTs, training and website.

## **II. Microfinance Institutes (9)**

### **A. Organisation General**

The general profile of the organizations is that the MFI's are big. The average staff number is between 200-450 people. All MFI's have several branches of which most are located in urban or semi urban areas. Only three out of the nine are active in limited way in rural areas. There is big difference in number of clients which range from several thousands to 400.000. All MFIs offer a diverse package of products, from loans to savings.

Asking about the four year strategy all MFI's want to expand outreach by increasing number of branches, many want to expand the products offered. A few are looking into different distribution channels like ATM's or mobile banking. A lot speak about increased competition and the need to reduce costs. Most MFI's like to increase capacity of staff and quality of management information.

### **B. Communication with client**

The communication with the client is mostly around personalised financial information. General information about the organization and information about new products is communicated as well but much less so. For all organization counts that they have at least monthly contact with the clients for personalized info. The range varies from once a week to once a month. For general organization and product information the frequency is less from quarterly to annually.

The method of communication for personalized information is during group or individual meetings. As well as landline and mobile phones. Sms are generally used for credit reminders. Posters/leaflet/radio and TV are only used for general information sharing.

The most common mode of communication of the client with the MFI is face to face, telephone, mobile phone and sms. Email and mail are hardly ever used.

### **C. Data capturing and management**

The data gathering at the moment of the transaction depend on the products. Six out of nine organisation use a combination between computer and paper depending on the product. One organization use only paper, two organization only use computers.

If the information is collected on paper, the information is entered on the computer at branch level. Except for one organization that enters information at head office level for the branches that are not online. In most cases it happens daily, two organization processes weekly. One organization it can takes up to 4 months for the branches that are not online.

Communication Head office and branches

All organizations have daily communication between head offices and branches. The communication method varies from face to face to mobile phone, fax, email etc. The information flow from branches to head office is again a combination of paper and computers. Seven out of the nine organization have real time links between head offices and branches. Although for most of them not all branches are linked. The real time link varies from VSAT, wireless as well as radio link.

#### **D. Distribution Channels**

Seven organization use loan officer in communication with their clients but with only one organization the loan officers actually does transactions. Six organization use their branches as main distribution channel, two organisation use other banks. Two organization implemented the use of ATMs. One organization use point of sales on limited scale (two POS). One organization uses mobile banking with pick up.

#### **E. Usage of ICTs by MFI**

The use of internet and email among the MFIs is high. All organization are constantly online. Internet access is generally given to all professional staff, one organization makes a difference between email and internet. Four organizations have a website, five don't. Internet is used for communication and searching for information mostly, for transaction and publishing hardly.

#### **F. Communication infrastructure**

The infrastructure differs at branch level and head office. All organizations are networked and connected. Five organizations use wireless connection, two use VSAT. ADLS and dial up are use as well depends on the branches. The costs for connectivity are high especially if all branches are connected.

The ranking of access for clients is as followed:

1. Radio (100%)
2. Mobile phone (between 25-80 %)
3. landline (low, no numbers given)
4. Computers ( 0 - 5 %)
5. Internet (0-2%)

#### **G. Support and Skills**

All organization have their own internal ICT support through a ICT department. The department differ from 5 to 20 people. Two organization mention the fact that they have too little staff. All organization also have external ICT support mainly through their MIS supplier and ISP. The external support is not sufficient for four organisation, long response time and general problems with MIS are mentioned as reasons. Two organization have international external support.

Almost all organization offer or have offered different training within the organization. The current ICT training need is for five organization on the user level (incl MIS) for one organisational on the technical level and for one organization on information management,

## **H. Hardware. Software and protection**

All organization have a large amount of computers, in the hundreds. They are all networked through a client-server system, that is back up on daily basis and back-ups are kept off-site.

All organization are using a Management Information System. The systems used are:

- LFS - 2
- Bankers Realm - 2
- Custom Made - 2 (FINCA)
- T24 from Terminus - 1
- Equinox - 2

Only two organization are satisfied with the management information system. All others are not satisfied. The problems encountered are:

<b>Comment</b>	<b>Number of organization mentioning</b>
Required reporting/information not possible	3
Instability, bugs in modules	3
More modules necessary (to incl. use of ATM for example)	2
Linkages between modules not good	2
System needs more customization	1
System can't handle power cuts	1
Not flexible to make changes/adjustment	1
Lack of service from vendor	1

### ***ICT Strategy***

Looking at the ICT strategy for the coming 4 years of the organizations, two elements are general priority:

1. Widening the amount of distribution channels: ATM, POS, phone banking ect
2. Increase connectivity branches
3. Upgrade/adjust MIS

Challenges mentioned are:

- Capacity of staff
- Infrastructure country
- Finance

## **Conclusion**

### **SACCOS**

The general conclusions for SACCO organizations use of ICT is that there is a divide between the actual groups/clients and the support organizations. The support organizations are using ICTs generally in a basic form. The groups/clients are not using ICT what so ever yet. Data capturing takes place manually and is later processed in an automated system. There is desire from the support organizations to use ICTs more in the future especially looking at automated systems and data capturing. In house ICT capacity is generally limited.

The mode of communication between clients and support organizations top three is:

1. face-to-face
2. mobile phone
3. landline

### **MFI's**

General conclusion for the MSI's is that the use of ICT is widely spread and advanced. All MFI's have there own ICT department, ranging from 5 to 20 people and therefore in-house knowledge.

Almost all MFIs have found solutions for connection between head office and branches in real time link, although costs are high.

Datacapturing is a mixture of manually and automated in almost all cases the automated process starts at branch level.

All MFI's are using a MFI system.

The challenges that MFIs face in the use of ICTs are very much focused around the MIS systems. The challenges range from limited reporting ability, instability of system to lack of local support.

Most MFI's in future would like to focus on improvement of MIS as well as expansion of the number of distribution channels.

The mode of communication with clients, top three is similar to the SACCOs:

1. face to face
2. mobile phone (incl sms)
3. landline

## **List of microfinance organisations participating in the STAR baseline study**

### Community Based Rural Finance Organisations

1. Karagwe Development SND Relief Services - Kaderes (Tanzania)
2. K-Rep Development Agency – KDA (Kenya)
3. Kabarole Research Centre - KRC (Uganda)

### Microfinance Institutes

1. Akiba Commercial Bank
2. Centenary Rural Development Bank
3. Finca Tanzania
4. Finca Uganda
5. K-Rep Bank
6. Uganda Finance Trust
7. Uganda Microfinance Limited
8. Tchuma
9. Socremo