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Opportunity International Creates Community Banking in Rural Africa

“Banking on Africa” Campaign Grows to Close the Gap for Five Million Rural Africans to Access Savings-based Microfinance Services in the Communities Where They Live and Work

Oak Brook, Ill. Sept. 30, 2010 - Today, less than 10 percent of households in most sub-Saharan African countries, including Malawi, Mozambique and Uganda, have a bank or savings account. To address this need, [Opportunity International](#) is expanding its savings-based microfinance services aimed at providing smallholder farmers and entrepreneurs in rural Africa with much-needed access to financial services, as well as transformational training to improve the financial literacy of Africa’s rural populations. Opportunity International’s “Banking on Africa” campaign, an initiative aiming to reach five million new clients in Africa by 2015, is successfully enabling vibrant commerce and community banking throughout rural Africa.

As one example, the Opportunity International [Bank of Malawi](#) began operations in May 2003, offering savings, loans and insurance products. However, clients in rural areas were still forced to spend hours, if not days, to reach the community bank to ensure safe financial transactions. Today, with the help of the Bill & Melinda Gates Foundation and The MasterCard Foundation, more satellite branches and mobile banks have been established as “banking access points” to reach clients within a 60-minute walk throughout Malawi. Today, Opportunity International’s savings clients throughout Africa have grown to 605,051.

“Traditionally, financial services have been inaccessible in rural areas, where the majority of Africans live, because this group is often viewed by financial institutions as unprofitable and high risk,” says Dennis Ripley, senior vice president, International Business Development, Opportunity International.

Breaking Down Barriers to [Savings Accounts](#) and [Banking Services](#)

Opportunity International offers a variety of delivery channels to establish safe, secure savings and bank accounts that include satellite banking branches built from recycled shipping containers, [kiosks](#), mobile vans, ATMs and handheld point-of-sale devices. Opportunity International is also developing a cell phone banking infrastructure that enables farmers in rural villages to leverage mobile banking technologies to improve productivity and cash flow.

In Malawi, for example, those who have savings store their money at home. This reality is due in part to limited access to banking services in rural Africa, and lack of proper identification

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required for opening a bank account. In a recent interview with *Smithsonian Magazine*, Melinda French Gates, co-chair of the [Bill & Melinda Gates Foundation](#), shares what she saw firsthand. “In January, I visited some villages being served by Opportunity International Bank of Malawi to see how savings impact people on the ground. It’s building inexpensive bank branches—one was made out of three shipping containers—and setting up kiosks in shopping centers and post offices. It also operates seven trucks that bring banks to remote places, which is important since 85 percent of Malawians live in rural areas. I saw people waiting in an hour-long line to make an average deposit of about 200 Kwacha, or \$1.40 (USD). That’s how much demand there is for savings in poor communities!”

By deploying cutting-edge technologies such as smart cards and biometric fingerprint readers, rural Africans can now open a bank account without a passport or identification card, required by traditional financial institutions. Wilson Moleni, regional director for Opportunity Malawi, states that Opportunity’s biometric technology “has made it easier to open an account, and only the borrower has the smart card and access to his or her money.” In addition, recent grants from Omidyar Network, Credit Suisse and individual donors are helping Opportunity International clients use mobile technologies to ease rural banking obstacles.

Furthermore, with 84 percent of Opportunity International’s borrowers being women, this innovation alone has helped them gain an identity, or personhood, in a region that is traditionally dominated by men. Moleni continues, “Women find it easier to participate...they are very important, and the backbone of our society...they pay back their loans and tend to put their savings towards the education of their children and the welfare of their families. When given the power and identity that comes from having a savings or bank account, women are more successful in business, as well.”

For example, Besta, an Opportunity Malawi client, is living on less than \$1 a day in Chintheche, on the shores of Lake Malawi. While she could not afford to finish school, she is committed to sending her children to school one day, and needed a safe and secure place to keep her savings. However, there is no bank in her own community, so she had to bury her savings at home, or pay high bank fees and transportation costs to travel to the closest bank. Opportunity Malawi has made it possible for her to save the money she needed to educate her children, by bringing the bank and the access to her savings account to her community.

Helping Malawians Thrive through Community Savings Banks

As of June 20, 2010, Opportunity Malawi was serving 284,622 depositors, with savings accounts valued at more than \$32 million, and 46,771 active loan clients borrowing more than \$30 million. “During the six years that Opportunity Malawi has been in operation, the bank has served as a beacon for the financial sector in Malawi and praised by the Reserve Bank governor for its rural outreach and focus on the poor,” continues Ripley.

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Currently, Opportunity Malawi offers 18 financial products, including four different types of savings accounts, 10 tailored loan products (including business, household and agriculture loans), three insurance products, and various foreign currency exchange and transfer options.

Future Expansion

Through its “Banking on Africa” campaign, Opportunity International plans to expand its outreach in Ghana, Tanzania, Uganda, Mozambique and other African nations, deepening its penetration in the rural areas to both agricultural and non-agricultural borrowers and savers. Over the next three years, Opportunity International is expecting to open 1.4 million interest-bearing savings accounts in Africa, with 950,000 of those accounts based in rural areas.

In Malawi, Opportunity International’s community banking goals include:

- **Achieve a compound annual growth rate of 40 percent in deposit accounts over the next five years.**
- **Provide financial services through at least 153 access points.** These access points will include 10 new satellite branches, two new mobile vans, 23 kiosks, 30 ATMs and 80 POS devices.
- **Serve at least 53,000 active smallholder farmers with agriculture loans.** These agriculture loans are tailored to specific crops, household cash flow and input capacity. In addition, Opportunity Malawi will reach over 250,000 total active loan clients by 2013.
- **Pilot and expand “m-banking initiative,” signing up 100,000 clients by 2013.** Opportunity Malawi will provide an additional banking channel to existing and new customers through mobile phone banking, enabling clients to receive notifications, make funds transfers, buy air time, and receive cash back at participating merchant locations.

About Opportunity International

Opportunity International provides small business loans, savings, insurance and training to over two million people working their way out of poverty in the developing world. Clients in over 20 countries use these financial services to start or expand a business, provide for their families, create jobs for their neighbors and build a safety net for the future. For more information, visit www.opportunity.org or join the conversation on [Facebook](#) and [Twitter](#).

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