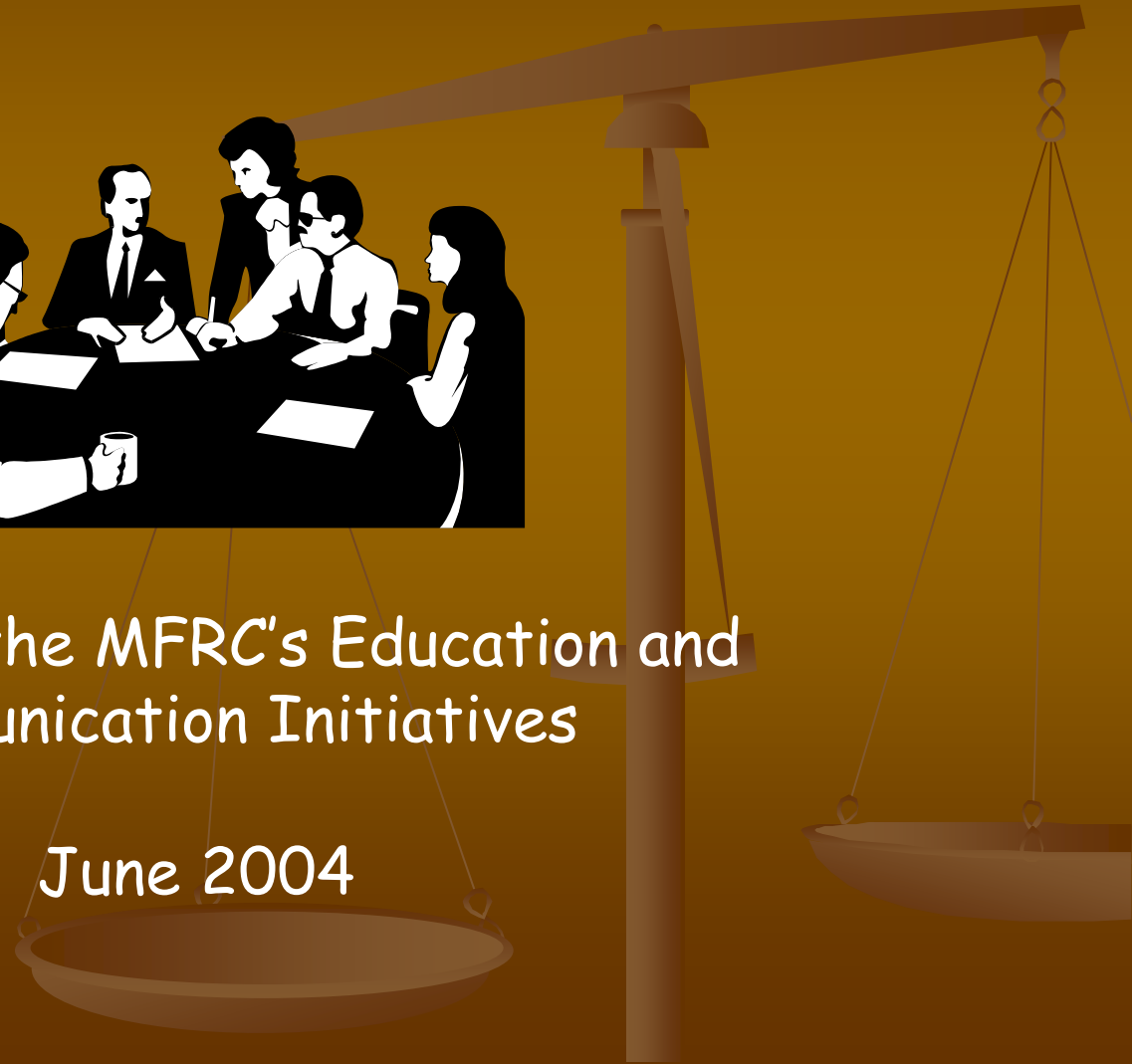


Presentation to the Association of Micro Finance Institutions of Uganda



Insight on the MFRC's Education and
Communication Initiatives

June 2004



Structure of Presentation

- **MFRC**
 - ... & mandate
 - ... & structure
- **Regulatory Tools**
- **Educational Activities**



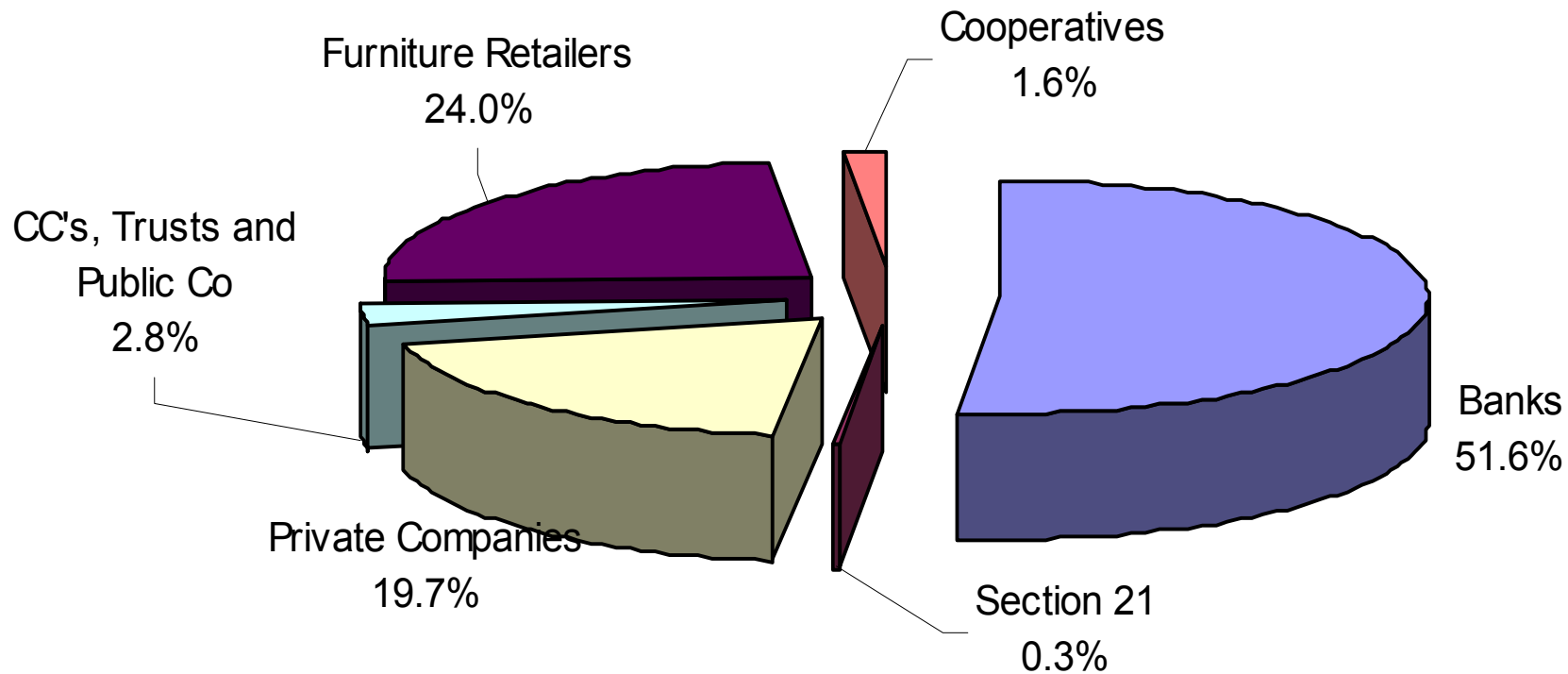
MFRC:-

Mandate, structure, 'teeth' ?

- **Mandate:** 'Growth of industry to *serve unserved credit needs*, whilst ensuring consumers protected"
 - Credit focused, but many tools "generic"
 - Focus on protection & "market conduct"
- **Conditional Exemption from Usury Act**
 - Compliance with requirements & registration with MFRC
- **Broad representation on Board !!**

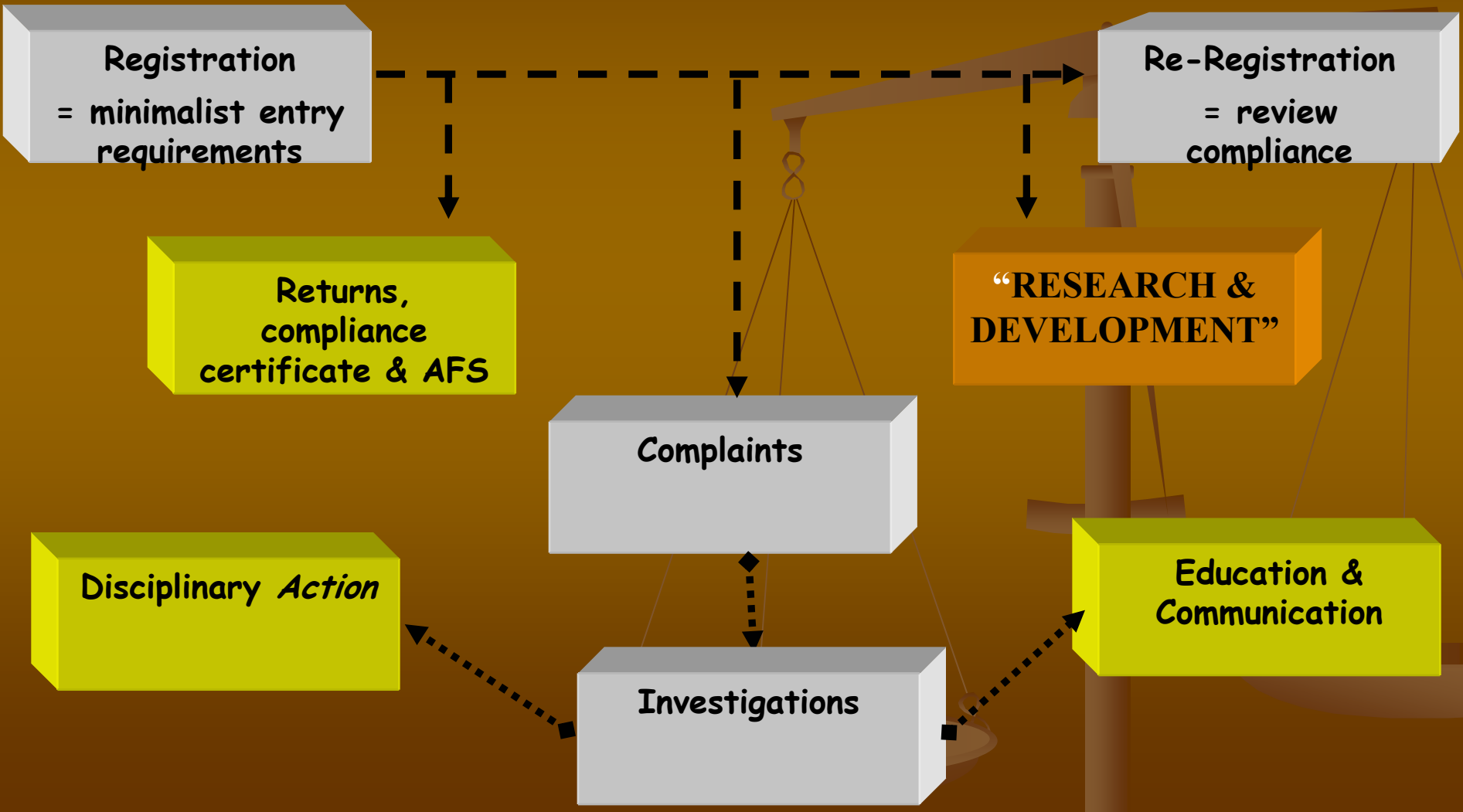
Market share of entities

Loan book share of market

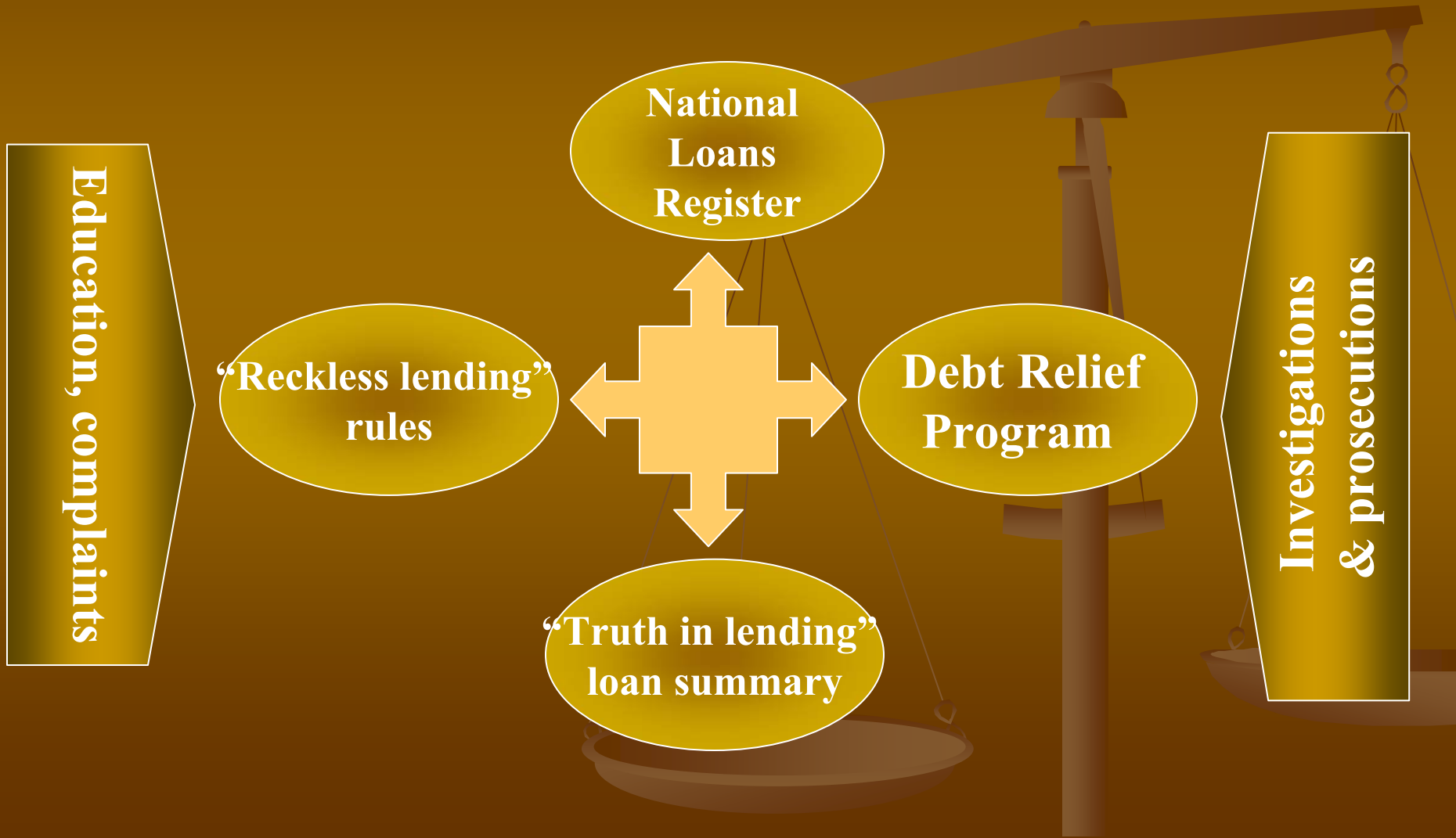


MFRC operational structure

Staff 40, budget \$2m/y ≈ 1,400 lenders



“Regulatory tools”: predatory practices & indebtedness



How we communicate with: “Borrowers”

MFRC

Education and Communication Division

Function: Communicate and Educate

Direct communication

- Media
- Call Center
- OBs
- Workshops

Indirect communication

- Relationship and Capacity building workshops with NGO's
- Relationship and Capacity building workshops with Trade Unions
- Relationship and Capacity building workshops with with the Employers(private and public sectors)
- Relationship and Capacity building workshops with Consumer Directorates
- Relationship and Capacity building workshops with community leaders

Borrowers

- Employed
- Earn from 1000 - 6000
- LSM 4-6
- Previously did not have access to credit



Education and Communication Campaigns in 2002/2003/2004

Borrowers Focused

- Development of Educational material
- Consumer Education Workshops
- Capacity Building Workshops

- World Consumer Rights Day Celebrations
 - All the 9 Provinces

- Media Relations
 - Radio & TV
 - Press Releases
 - Magazines
 - PSA
 - OBs



Media Exposure in 2002/2003/2004

Newspaper reports	344	214	58
TV interviews	16	8	7
Radio interviews	101	88	36
PSA	243	200	
OBs	0	4	4

Education and Communication Campaigns in 2002/2003/2004

Borrowers Focused

- Public Service Announcements
 - TV - SABC 1,2,3 and e TV
 - Community Radio Stations
- Trade Union Communication
 - Trade Union briefing
 - Information dissemination
 - Employer Communication
 - Public Sector
 - Private Sector
- NGO Communication
- Consumer Expositions
- International Consumer Rights Conference
- Borrow Wisely Campaign



Education and Communication Campaigns 2002/2003/2004

Borrowers Focused

- Capacity Building Campaign
 - Trade Unions
 - NGO
 - Employers - EAPs
 - Government Departments
- Exhibitions
 - Rand Easter Show
 - Parliament - Cape Town
- Radio and TV
 - PSA - Community radio stations
 - Carte Blanche
 - E-TV
 - SABC



Workshops conducted till to day:

- 300 workshops
- 37 901 participants

Public Service Announcements

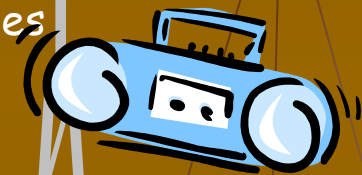
The objective of the PSA were to create and reinforce awareness among South Africans of:

- the existence and role of the MFRC and the regulated micro finance environment
- the value that a regulated micro finance industry adds to the SA economy
- the existence of registered micro lenders and advantages of borrowing from registered lenders
- The rights of consumers and how to lodge a complaint against illegal practices

The key messages for TV and Radio were:

- **PSA 1:** The Usury Act Exemption Notice (New regulations) and the MFRC exist to protect consumers. Be aware of them find out how they benefit you.
- **PSA 2:** Registered micro -lenders exist for your protection. Make sure you borrow from a registered lender
- **PSA 3:** Consumers have rights and can lodge complaints against unscrupulous lenders with the MFRC.
- **PSA 4:** Avoid getting trapped in a dept circle, do not borrow more than you need.

All PSA's included the MFRC's toll share line 0860 100406 and website address for consumers to call for help or inquiries.



Education and Communication Campaigns in 2002/2003/2004

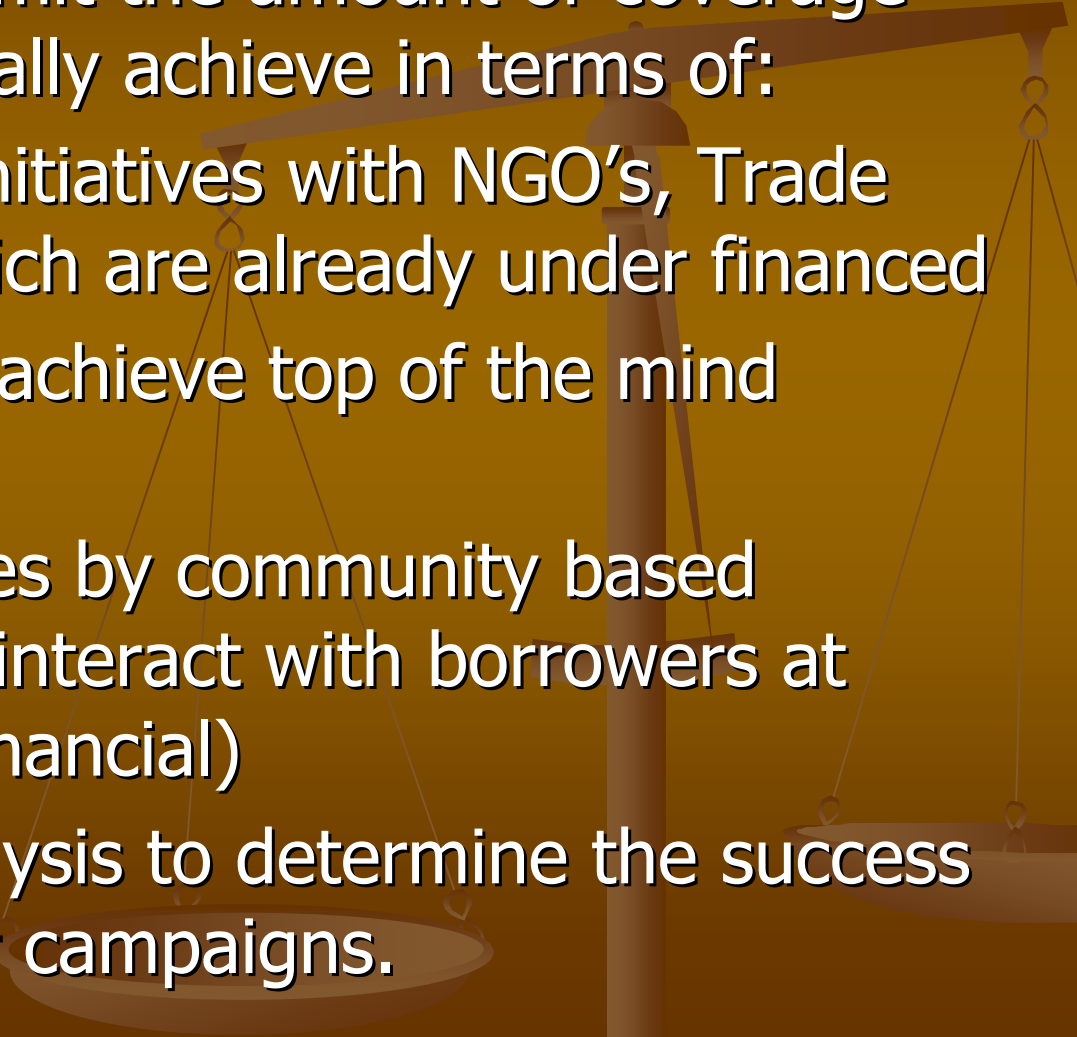
Lender Focused

- Newsletters
- Circulars
- Lender workshops
 - In 2002/2003 the MFRC conducted workshops in Durban, Port Elizabeth, Cape Town, Pretoria and Johannesburg. More than 1000 micro lenders attended these workshops.
- Micro Finance Skills Project
- PDI Lenders involvement
- Lender Competition

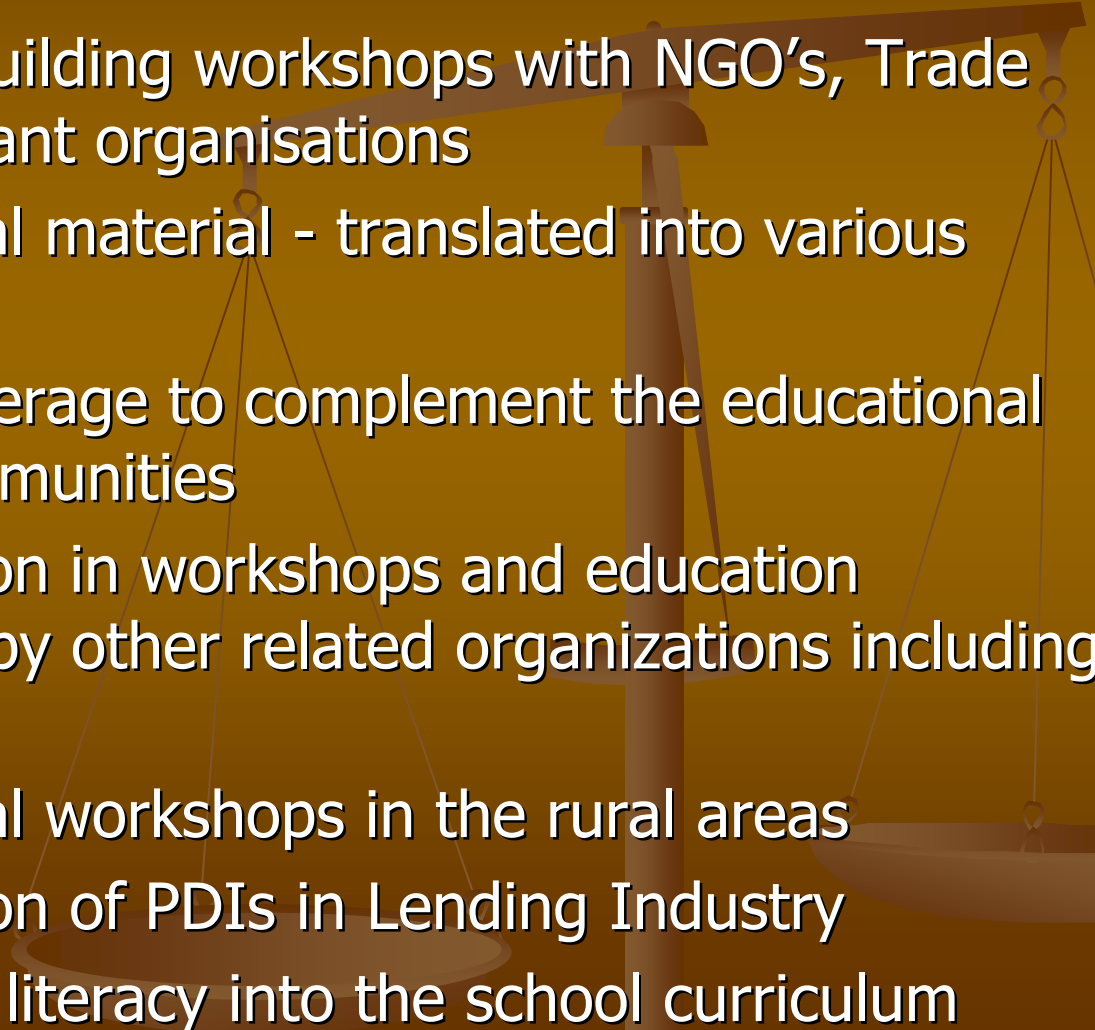
The competition challenged micro lenders to showcase their involvement in Consumer Education, Housing Lending and Micro Enterprise lending, responsible lending etc,



Barriers and Challenges

- Financial Resources limit the amount of coverage that MFRC should ideally achieve in terms of:
 - Capacity building initiatives with NGO's, Trade Unions most of which are already under financed
 - Media presence to achieve top of the mind awareness
 - Support to initiatives by community based organizations who interact with borrowers at grass root level (Financial)
 - Robust impact analysis to determine the success or otherwise of our campaigns.
- 

What would improve the efficacy of the Campaigns

- **Education focused initiatives such as:**
 - Increased capacity building workshops with NGO's, Trade Unions & other relevant organisations
 - Increased educational material - translated into various languages
 - Increased media coverage to complement the educational initiatives within communities
 - Increased participation in workshops and education initiatives organized by other related organizations including lenders themselves
 - Increased educational workshops in the rural areas
 - Increased participation of PDIs in Lending Industry
 - Inclusion of financial literacy into the school curriculum
- 

Conclusion



- Education and Communication will ensure that a greater % of the borrowing market can make informed financial decisions
- It is important for MFRC to achieve top of the mind awareness within communities so that they can be able to take advantage of the services we offer.
- The inclusion of Financial literacy/consumer education in the school curriculum will greatly contribute towards ensuring that we have well informed consumers
- It is also imperative to ensure that effective Evaluation measures/Instruments are put in place to determine the impact of the interventions
- MFRC relies on the relationships it has build with sister institutions such as the paralegal movement and advice centers, however it would be more beneficial for MFRC to maintain and harness these relationships via:
 - Capacity building workshops
 - Distribution of micro lending information
 - Site visits

THANK YOU

